

Transcript Exhibit(s)

Docket	#(s): <u>W-Ol</u>	04B-05	3-0508	
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Exhibit # : {	41-A10 5	51,52		
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DOCKET CONTROL

NO CORE CONTROL

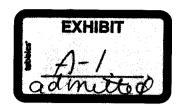
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Cover Sheet for Rate Application Submitted to:

AZ CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission Docket Control 1200 West Washington Street Phoenix, AZ 85007

From: Ash Fork Development Association DBA: Ash Fork Water Service

Test Year ending December 31, 2007 ADEQ System ID # 13-008

Wavier Request

Ash Fork Development Association Inc., DBA: Ash Fork Water Service Requests wavier of filing schedules "A" through "H" in this rate case and asks that you accept this small water rate application with test year ending December 31, 2007 in this matter.

ARIZONA CORPORATION COMMISSION



RATE APPLICATION FOR WATER COMPANIES WITH ANNUAL GROSS OPERATING REVENUES (INCLUDING REQUESTED RATE RELIEF) OF LESS THAN \$250,000 PER ARIZONA ADMINISTRATIVE CODE R14-2-103

Details at website: www.azcc.gov

Ash Fork Development Association Inc.,

DBA: Ash Fork Water Servicer
UTILITY NAME

December 31, 2007 TEST YEAR ENDED

Required invoices to be submitted are listed in the checklist on page 1.

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance or see our website at:

www.azec.gov

IN ORDER TO PROCESS YOUR APPLICATION
PLEASE FORWARD THE ORIGINAL
AND THIRTEEN COPIES OF THE
APPLICATION PLUS
THREE PACKETS WITH COPIES OF
CHECKLIST ITEMS 5-11 (PAGE 1)

ARIZONA CORPORATION COMMISSION DOCKET CONTROL CENTER 1200 WEST WASHINGTON STREET PHOENIX, ARIZONA 85007

GENERAL INSTRUCTIONS

Processing the request for a rate adjustment requires completion of ALL PARTS of this application. Complete the Narrative Description of the Application for Rate Adjustment on pages 2 and 4, as well as the statements on pages 5 and 6. Read the accompanying instructions and fill in the entries on pages 8 through 31. Dollar amounts should be rounded to the nearest dollar. NO ENTRY SHOULD BE LEFT BLANK. If an amount is zero, enter a zero. Any application that is found to be insufficient will not be processed until the deficiencies are corrected per A.A.C. R14-2-103.B.7.

A completed application also <u>requires</u> notification of customers of the rate request. The format of the customer notification letter is provided on page 32 of this application. Use the language and form of this letter in notifying customers. The customer notification <u>must</u> be provided to customers on the same date as the rate application is filed. A copy of this notice, together with a <u>notarized</u> cover letter stating the method of customer notification and the date the notification was sent to the customers, <u>must</u> accompany the application form.

Please provide any supplementary information the Company believes will assist in the evaluation of the rate request. For example, if expense items are substantially different from the latest annual report filed with the Commission, or if significant plant additions have been made since the prior rate increase, attach supporting explanations for those changes to the application. Clearly label any attachments and staple them to the application.

Selection of a Test Year for the utility is an important part of the application. A Test Year older than the year reflected in the most current Annual Report filed with the Utilities Division is usually considered outdated. Questions regarding the selection of a Test Year should be addressed to Staff at (602) 542-4251.

Please contact the Arizona Department of Environmental Quality (and/or its authorized county agencies) and request a compliance status report. Submit a copy of this report as part of this filing. Please refer to the appendix of this application form.

Please contact the Arizona Department of Revenue and request a certificate of compliance letter of good standing regarding taxes. Submit a copy of this compliance certificate.

After you have included all the required items from the checklist on the previous page, please submit the original and thirteen copies of the completed application with a cover sheet to:

Arizona Corporation Commission

Docket Control Center

1200 West Washington Street

Phoenix, Arizona 85007

Also, please include three packets with copies of checklist items 5-11 in your application filing.

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reasons for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.

Changes in current, compared to past operations, that necessitate the rate adjustment Please explain:

Additional Plant: Bringing on-line of our second ground water well and acquisition of water reservoir (maintenance costs)

Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments) Please explain:

Significant factors influencing your revenues, expenses and/or rate base Please explain:

Increase in costs of purchased power, vehicle fuel, property taxes, insurance including workers compensation. Overall increased cost of operations.

Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc. Please explain:

Anticipating same level of growth in our hauled water, customers as seen in previous years. Construction of planned wastewater collection/treatment facility for the community would allow for possible development of 40-residential and 20-commercial parcels. Although the timeframe is more in the 3-5year range. Hooked-up growth would require replacement of many of the 1" and 2" water mains. It is further anticipated that our current standpipe facilities would allow for 4-years growth at current levels before additional facilities would be needed. A current need exists to provide additional water (pressure and volume) for fire protection. Some construction could be funded from reserve funds while larger projects would require financing from possibly WIFA of AZ or National Bank.

Anticipated construction Please explain:

Currently plans are being drafted for additional main to serve existing system. 8" main crossing Interstate-40, approx 1700'. This line would provide additional water for any expansion requirements in immediate area and allow for some level of fire protection needs. \$200,000.

Interior coating of 1-500,000 gallon storage facility. \$50,000.

Resurface approx 1700' of roadway, accessing our storage facilities and utilized by many of our commercial haulers. \$ 20,000.

Safety project on historical elevated storage tank. \$5,000.

Replace security fencing at AF Well #1. \$2,500.

Const. con't

Have considered purchasing backup generator capable of running well pumps. \$20,000. NEW office copy machine # 5,000.

Efforts made to encourage conservation of water through the proposed rate design or through other means Please explain:

Current as well as proposed rates have tiered structure for conservation encouragement. The system is surveyed periodically in the search for leaks especially in areas of previous problems. Repairs are preformed immediately after discovery.

Increasing rates always seams to have some effect to the consumer in trying to eliminate waste or

to reduce use (conserve).

It has been considered to offer a fixture rebate program in hopes of upgrading older more water consuming fixtures for a conservation incentive. A rebate program for fixtures could be combined with a conservation education program which could bring higher attention to the need to conserve and reduce waste. It is anticipated that a 1-year program would be sufficient. \$5,000.

Other factors Please explain:

Ash Fork Water Service tries to operate its facilities in a proactive approach. We try and plan ahead which reduces our need to react to changing conditions.

We have a seasoned staff with management being in place over 15-years.

We try and operate with as little outside services as possible.

** WAVIER REQUEST: Ash Fork Development Association Inc. dba: Ash Fork Water Service request a wavier of filing schedules "A" through "H" in this rate case and asks that you accept the small water application with test year ending December 31, 2007 in this matter.

** This application is missing the ADEQ "Compliance Status Report". Donna Calderon at ADEQ reports understaffing in this area has extended time frame to over 60-days. As soon as report is received it will be forwarded to the ACC.

Attach additional pages as necessary.

Revised 10/28/03

COMPANY NAME: Ash Fork Development ASSOC. Test Year Ended: 12/31/07
Name of System: Ash Fork Water Sept Public Water System Number: 13-008
AFFILIATE RELATIONSHIP
Please indicate a yes or no answer to the questions below and provide an explanation where necessary.
A parent-subsidiary relationship, or affiliation, with another entity includes Corporations, Partnerships, Sole Proprietorship, Limited Liability Companies (LLCs), as well as common ownership of
a water company and another entity, such as a development company or wastewater company.
Are any assets owned jointly with any affiliated or subsidiary entities? [] YES NO
If Yes, please provide a description of each jointly owned asset, it's cost, and the percentage of the

YES

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate requ	iest.			
Ash Fork Water Service (th	ne "Company")	requests	an adjustment in	the
existing rates charged by the Company. The information				
twelve-month Test Year ending Dec. 31,2007 (m	nm/dd/yy). The	Compar	ny had total opera	iting
revenues of \$ 297, 619., served 505	metered and		un-me	tered
(from page 19)				
customers, and sold 41,048,870 gallons of w	rater during the	Test Yea	ar.	
(from page 18)				
The Company is requesting a(n) increase/o	decrease in re	venues	in the amoun	nt of
\$ 36, ZZ 1.				
Total annual operating revenues, if the Compa	any is granted	the rate	e adjustment, wi	ll be
\$ 330,787.				
The Company is current on all property taxes.	YES		NO	
The Company is current on all sales taxes. (Please use the form in the appendix and see	YES YES		NO	
checklist item 2 on page 1.)				
The Company currently has a Curtailment				
Plan Tariff on file with the Commission	YES YES		NO	
The Common commonths has a Deal-flass Drassant	·i.am			
The Company currently has a Backflow Prevent Tariff on file with the Commission.	YES		NO	
The Company notified its customers of it	ts application	for a	rate adjustmen	t on
10/01/08 (mm/dd/yy). A COPY OF THE N	OTICE WITH	A NO	TARIZED CO	VER
LETTER STATING THE METHOD OF CUSTOM				

DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

The utility company ownership is one of the follow	ing:
Sole Proprietorship	
Partnership	
C" Corporation	
S" Corporation	
Limited Liability Corporation ("LLC")	
AssociationCooperative	
Other, please specify: 'C' Corpe	nation Non-Profit
Note: If a corporation, please list stockholders and	l the respective number of shares owned below.
Stockholders	Number of Shares Owned
NONE	
I have read and completed this application, and t	o the best of my knowledge all of the information
contained herein, and attached to this application, is	
Name of Authorized Representative (print):	Company Name:
LEWIS E. HumE	Ash Fork Water Service
Title: MANAger	Address: P.O. Box 436
Signature: Beur F. Dhum	Ash Fork, AZ 86320
Date: 9/30/08	Phone Number: 228 637-2774
E-mail Address: lewishume & All. co	Max Number: 928- 637-0394
Website Address:	

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

Complete the schedules on pages 8 and 10 showing rates and charges currently in effect, and those proposed by the Company. Specify the customer class or classes (i.e., residential, commercial, industrial, irrigation, all, or other classes) in the space provided.

MONTHLY CHARGE:

Enter the monthly minimum (or service) charge and gallons included in the minimum for each meter size. For example, enter "\$12.00 for zero gallons." Propose a monthly minimum (or service) charge for every meter size listed on page 9. Also, enter the commodity (or excess) charge for the gallonage the customer will be charged for gallons used over those included in the minimum charge. For example, enter "\$1.25 per 1,000 gallons." If excess charges vary with gallonage used, enter the rates and gallons covered in each tier of consumption in the space provided. For example:

First Tier Up to 3,000 gallons \$1.00 per 1,000 gallons Second Tier 3,001 to 10,000 gallons \$1.50 per 1,000 gallons Third Tier Over 10,000 gallons \$2.50 per 1,000 gallons

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided. A "flat rate" is a charge that is not based on gallons used. (For example, \$10.00 for all the water you can use.) If the Company currently has a flat rate and wishes to continue this rate, please contact Staff at (602) 542-4251. It is likely that Staff will **not** recommend the continuation of such a rate.

Name of System: Ash Fork Water Serve PEQ Public Water System Number: 13-008

CURRENT AND PROPOSED RATES AND CHARGES

	CORRENT AN						
CU	STOMER CLASS: X Residentia	l 🏻 Comi	mercial	☑ Industr	rial Hook	ied uş	
	☐ Irrigation			Other,			
		CU	RRENT I	RATES	PROI	POSED	RATES
	MINIMUM OR SERVICE CHARGES	\$	GA	LLONS	\$	GA	ALLONS
Ī	5/8" x 3/4" Meter	# 11.0	o for	0	\$17.00	for	0
ŀ	3/4"Meter	\$ 11.0	o for	0	# 1200	for	0
	1" Meter	\$ 16.0	o for	0	18.00	for	D
	1-1/2" Meter	\$ 22.	∞ for	0	* 24.00	o for	0
ı	2" Meter	130.	∞ for	0	# 35.0) for	0
	3" Meter	# 50.	00 for	0	\$ 55.0	O for	0
-	4" Meter	\$ 90.	00 for	0	\$ 100.0	o for	0
	6" Meter	\$ 100.	<i>0</i> 0 for	0	¥ 120.0	O for	0

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons) First Tier 335
Second Tier 3.75
Third Tier 390
FLAT RATE

Rate	Gallons	Rate	Gallons
\$ 3.35	Up to 6,000	\$ 3. ⁷⁵	Up to <u>6,000</u>
\$ 3.75	6001 to 17,000	\$ 4. 20	6001 to/2,000
\$ 3.90	Over 17,000	\$ 4. 37	Over 12,000
\$	Per Month	\$	Per Month

Proposed Rates

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

Current Rates

COMPANY NAME: AShFork Dec			Year Ended		
lame of System: Ash Fork Water	Service EQ Pu	ıblic Water Syst	tem Number	: 13-008	
CURRENT AN	D PROPOSED	RATES AND C	CHARGES		
CUSTOMER CLASS: Residentia	1 Commercia	al Industrial	ار.	1 - 10 14	
☐ Irrigation		Other, spe Vesiclent NT RATES	ecify <u>Stance</u> tale Res	Dipe (Bulk late & Commo osed rates	WAMER) ereia)
MINIMUM OR SERVICE CHARGES	\$	GALLONS	\$	GALLONS	
5/8" x 3/4" Meter	X/A f	or	NA	for	
3/4"Meter	f	or		for	
1" Meter	f	for	and a second of the second of	for	
1-1/2" Meter	ı	for		for	
2" Meter	1	for		for	
3" Meter	1	for		for	
4" Meter	1	for		for	
6" Meter		for	V	for	
	<u> </u>				

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

	Rate	Gallons	Rate	Gallons	
	\$ 8.00	Per 1,000 Up to gallous	\$ 9. zo	Per 1,000 Up to gallons	All
	\$	to	\$	to	
	\$	Over	\$	Over	
	\$	Per Month	\$	Per Month	

Proposed Rates

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

Current Rates

OMPANY NAME: ASh Fork D	evelopm	ent Associations	st Year Ende	d: 12/31/07	
nme of System: Ash Fork Water	Service	EQ Public Water Sy	ystem Numbe	er: 13-008	· · · · · · · · · · · · · · · · · · ·
CURRENT AN	ND PROP	OSED RATES AND	CHARGES		
CUSTOMER CLASS: Residentia	al 🗌 Cor	nmercial Industr		- O / -/ -	. ا
Irrigation	l All	M Other, s	specify (Di	n operated 3	DIMAN
	c	CURRENT RATES	PRO	POSED RATES	
MINIMUM OR SERVICE CHARGES	\$	GALLONS	\$	GALLONS	
5/8" x 3/4" Meter	N/	A for	NA	for	
3/4"Meter		for		for	
1" Meter		for		for	
1-1/2" Meter		for		for	
2" Meter		for		for	
3" Meter		for		for	
4" Meter		for		for	
6" Meter		for		for	
	L				1
				·	
GALLONS IN EXCESS OF	Cu	rrent Rates	Pro	posed Rates	

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

Rate	Gallons	Rate	Gallons
\$0.25	Der 25-90 Up to	\$ 0.25	Per 25-5A.
\$	to	\$	to
\$	Over	\$	Over
\$	Per Month	\$	Per Month

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

COM	OMPANY NAME: Ash Fork Development Assoc. Test Year Ended: 12/31/07									
	ame of System: Ash Fork Water Service Public Water System Number: 13-008									
	CURRENT AND PROPOSED RATES AND CHARGES									
C	CUSTOMER CLASS: Residential Commercial Industrial									
	☐ Irrigation ☐ All ☐ Other, specify Filered Water Dispensor									
	CURRENT RATES PROPOSED RATES									
	MINIMUM OR SERVICE CHARGES	\$	GALLONS	\$	GALLONS					
	5/8" x 3/4" Meter	N	A for	NA	for					
stag VIII.	3/4"Meter	estatorica de la companya de la comp	for	ALIBAS AND SECTION (1) 1-30-1	for	The state of the s				
	1" Meter		for		for					
	1-1/2" Meter		for		for	_				
	2" Meter		for		for					
	3" Meter		for		for					
	4" Meter		for		for					
	6" Meter		for		for					

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

Rate	Gallons	Rate	Gallons
\$ 0.25	Per gallon Up to	\$ 0.25	Per Sallon Up to
\$	to	\$	to
\$	Over	\$	Over
\$	Per Month	\$	Per Month

Proposed Rates

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

Current Rates

COMPANY NAME: A	\sh F	ork Development	Asso ₍	c. Test	Year Ended:	Dec. 31, 2007
Name of System: Ash F	ork	Water Service	AD	EQ Public W	ater System N	Tumber: 13-008
CUR CUSTOMER CLASS:	RRE	ENT AND PROPERTY OF THE PROPER	POS	ED SERVIC Commercial All	☐ Indust	rial ify <u>Fire Sprinkler &</u>
SERVICE CHARGES	<u>.</u>	CURREN	<u>г СН</u>	ARGES	PROPSOE	D CHARGES_
FIRE SPRINKLER: 4" or Smaller 6" 8" 10" Larger than 10"		1% of Monthl comparable size connection, but per month. The fire sprinklers for service line distinct from the service line.	zed m at no la ne serv is only es sepa	eter ess than \$5.00 vice charge for y applicable arate and	SA No (ame Change

SERVICE CHARGES INSTRUCTIONS

Listed below are current and proposed service charges as appropriate. Commission Rules should be consulted in proposing new service charges. Please list current and proposed rates on Page 10, as well as any service charges not listed below that the Company proposes to charge.

Service Charge (Commission Rule)	Description
Service Line and Meter Installation Charge (R14-2-405.B)	A refundable Advance in Aid of Construction paid by a new customer to cover the cost of installing all customer piping up to the meter, as well as the cost of installing the meter. Propose a charge for every meter size listed on page 10.
Establishment (R14-2-403.D.1)	A charge covering the cost to establish a new account for a person requesting service when the utility needs only to install a meter for initial establishment, reestablishment, or reconnection.
Establishment (After Hours) (R14-2-403.D.2)	A charge covering the cost to establish a new account for a person requesting service during a period other than regular working hours.
Meter Test (R14-2-408.F)	A charge for testing the accuracy of a meter upon a customer's request. No charge will be levied if the meter is found to be in error by more than +/- three (3) percent.
Deposit (R14-2-403.B)	A refundable security deposit not exceeding two times the average residential class bill for residential customers, and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill.
Deposit Interest (R14-2-403.B.3)	Annual percentage interest rate applied to customer deposits. A six percent rate shall be applied if the company does not specify an interest rate with the Commission.
Re-establishment (R14-2-403.D.1)	A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelvemonth period.
NSF Check (R14-2-409.F.1)	A fee for each instance where a customer tenders payment for utility service with an insufficient funds check.
Deferred Payment (R14-2-409.G.6)	Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer.
Meter Re-read (R14-2-408.C.2)	Charge for a customer requested re-read of meter applicable when the original reading was found not to be in error.

<u> </u>		
COMPANY NAME: Ash Fork Development Assoc.	Test Year Ended: Dec. 31,	Z007
Name of System: Ash Fork Water STADEQ Public Wat	er System Number: 13-008	,

CURRENT AND PROPOSED SERVICE CHARGES

CUSTOMER CLASS:	Residential	Commercial	☐ Industrial
	☐ Irrigation	☑ All	Other, specify

SERVICE LINE AND METER INSTALLATION CHARGES	CURRENT CHARGES	PROPOSED CHARGES
5/8" X 3/4" Meter	\$ 216.	\$ 350.
3/4" Meter	\$ 270.	\$ 350. ⁻
1" Meter	\$ 306.	\$ 420.
1-1/2".Meter	\$ 546.	s 900.
2" Meter	^{\$} 780. ⁻	\$ 1,340. ⁻
3" Meter	\$ 900.	\$ Z,100.
4" Meter	\$ 10zo	\$ Z860.
6" Meter	\$ 1140.	\$ 3600.

Establishment	\$ 15.00	\$ ZO. ••
Establishment (after hours)	s ZO. 00	s 24.00
Reconnection (delinquent)	s 15 ºº	\$ 15. ∞
Reconnection (delinquent) after hours	\$ —	s 24.00
Meter Test	\$ 10.00	s 40.00
Deposit	\$ per Rule	s Per Rule
Deposit Interest	6 %	4 %
Re-establishment (within 12 months)	s per Rule	\$ Per Rule
NSF Check	\$ 15. 62	\$ 1500
Deferred Payment	%	<i>○</i> %
Meter Re-read	\$ 10.00	\$ 10.00
Late Fee	\$ 1.5%	\$ 1.5%

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

ADEQ Public Water System Number: 13-008

Plant Additions and Retirements by Year

Acct.	Description	Year <u>2003</u>		Year <u>2004</u>	Year <u>2004</u>		
NI		Additions	Retirements	Additions	Retirements		
301	Organization						
302	Franchises						
303	Land & Land Rights			1,855,000			
304	Structures & Improvements			30,400			
307	Wells & Springs			699,987			
311	Pumping Equipment						
320	Water Treatment Equipment	Market Market and the control of the	and the second s		*		
320.1	Water Treatment Plants			The second secon			
320.2	Solution Chemical Feeders						
330	Distribution Reservoirs & Standpipes						
330.1	Storage Tanks						
330.2	Pressure Tanks						
331	Transmission & Distrib. Mains						
333	Services						
334	Meters & Meter Installations						
335	Hydrants						
336	Backflow Prevention Devices						
339	Other Plant & Misc. Equipment						
340	Office Furniture & Equipment						
340.1	Computers & Software						
341	Transportation Equipment						
343	Tools, Shop & Garage Equip.						
344	Laboratory Equipment						
345	Power Operated Equipment						
346	Communication Equipment						
347	Miscellaneous Equipment						
348	Other Tangible Plant						
	TOTAL WATER PLANT	-0-	-0-	2,585,387	-0-		

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Name of System: Ash Fork Water Service ADEQ Public Water System Number: 13-008

Plant Additions and Retirements by Year

Acct.	Description	Year 2005		Year <u>2006</u>		
NI		Additions	Retirements	Additions	Retirements	
301	Organization					
302	Franchises					
303	Land & Land Rights					
304	Structures & Improvements					
307	Wells & Springs					
311	Pumping Equipment					
320	Water Treatment Equipment			and the same of th		
320.1	Water Treatment Plants					
320.2	Solution Chemical Feeders					
330	Distribution Reservoirs & Standpipes	:				
330.1	Storage Tanks					
330.2	Pressure Tanks					
331	Transmission & Distrib. Mains					
333	Services					
334	Meters & Meter Installations			2,291		
335	Hydrants					
336	Backflow Prevention Devices					
339	Other Plant & Misc. Equipment	5,004				
340	Office Furniture & Equipment	3,763		4,498		
340.1	Computers & Software					
341	Transportation Equipment			3,025		
343	Tools, Shop & Garage Equip.					
344	Laboratory Equipment					
345	Power Operated Equipment					
346	Communication Equipment					
347	Miscellaneous Equipment					
348	Other Tangible Plant					
	TOTAL WATER PLANT	8,767	-0-	9,814	-0-	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Name of System: Ash Fork Water Service ADEQ Public Water System Number: 13-008

Plant Additions and Retirements by Year

Acct.	Description Year 2007		Year		
NI		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants	The second secon	ক্ষাপিত ও ৫ তে শুল্ফাপ্টারিক একবলিক শ	ada anta a Marian da Araba (Maria Araba) (Maria Araba) (Maria Araba) (Maria Araba) (Maria Araba) (Maria Araba)	A Commence of the Commence of
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				i i
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment	7,545			
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment	7,000			
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT	14,545	-0-		

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Name of System: Ash Fork Water Service ADEQ Public Water System Number: 13-008

Plant Summary

		Plant Summar			
Acct. No.	Description	Plant in Service Per Prior Decision	Total Additions	Total Retirements	Test Year End Total
		Column A	Column B	Column C	Column D*
301	Organization				
302	Franchises				
303	Land & Land Rights	54,443	1,855,000		1,909,443
304	Structures & Improvements	24,007	30,400		54,477
307	Wells & Springs	212,323	699,987		912,310
311	Pumping Equipment	48,138			48,138
320	Water Treatment Equipment	47,218			47,218
320.1	Water Treatment Plants				gen (general and a San a gap angan gang gaga a sangan gang
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes	107,780			107,780
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains	422,674			422,674
333	Services				
334	Meters & Meter Installations	13,220	2,291		15,411
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment	-0-	12,549		12,549
340	Office Furniture & Equipment	17,762	8,261		26,023
340.1	Computers & Software				
341	Transportation Equipment	32,740	10,025		42,765
343	Tools, Shop & Garage Equip.	23,555			23,555
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment	48,852			48,852
347	Miscellaneous Equipment	18,997			18,997
348	Other Tangible Plant				
	TOTAL WATER PLANT	1,071,679	2,618,513		3,690,192
		1,071,679	2,618,513		3,690,192

Note: Please refer to the checklist on page I for the required attachments related to this schedule *Column D = Column A + Column B - Column C

ADEQ Public Water System Number: 13-008

UTILITY PLANT IN SERVICE

ACCUTAC	Description	Original Cost	Accumulated Depreciation	OCLD
		Column A	Column B	Column C**
301	Organization			
302	Franchises			
303	Land & Land Rights	1,909,443	N/A	1,909,443
304	Structures & Improvements	54,477	43,677	10,800
307	Wells & Springs	912,310	220,725	691,585
311	Pumping Equipment	48,138	48,138	-0-
320	Water Treatment Equipment	47,218	47,218	-0-
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes	107,780	60,451	47,329
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains	422,674	310,150	112,524
333	Services			
334	Meters & Meter Installations	15,411	11,109	4,302
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment	61,401	27,837	33,564
340	Office Furniture & Equipment	26,023	15,273	10,750
340.1	Computers & Software			
341	Transportation Equipment	42,765	34,544	8,221
343	Tools, Shop & Garage Equip.	23,555	20,475	3,080
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	18,997	17,720	1,277
348	Other Tangible Plant			
	TOTAL WATER PLANT	* 3,690,192	* 857,317	2,832,875

1			
COMPANY NAME: ASh Fork Development ASSOC	Test Year Ended:	12/31/	70
Name of System: Ash Fork Water Serve DEQ Public Water	er System Number:	13-00	8

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-604-624	75	155	1700	12"	4"	1975
55-590-950 55-590-951	60	130	1302	12"-9.5"	6"	Z00Z
55-590-951	N/A	M/A	Zo'	20"	N/A	2001
	en general de la companya de la comp					

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

FIRE HYDRANTS		
ard	Quantity Other	

KS	FRESSUR	RE TANKS
Quantity	Capacity	Quantity
2		
	Quantity Z	Quantity Capacity Z

			,
COMPANY NAME: Ash Fork Development Assoc.	Test Year Ended:	12/31/	7
Name of System: Ash Fock / Jake Solin DEQ Public Wat	er System Number:	13-008	3

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

	MAINS	
Size (in inches)	Material	Length (in feet)
2	Steel-Puc	Length (in feet)
3		
4	PUC	15,124
5		,
6	PUC	15,884
8	PUC	725
10		
12	and the same of th	
	T - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	A CONTROLLER CONTROL OF THE CONTROL
1 "	stee!	2650
	·	

CUSTOMER	METERS
-----------------	---------------

Size (in inches)	Quantity
5/8 X ³ / ₄	
3/4	213
1	12
1 1/2	
2	16
Comp. 3	
Turbo 3	Z
Comp. 4	
Turbo 4	The same and the same of the s
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQ	Chlorination	3- Regal Dispensons Z-Boost-r Dumps	
STRUCTURES:			
	1- Office Building 2- water Dispensing B 2- mini - mobil Storage 2- Small sheds (Stor	Buildings (values : meters) e Sheds mge)	
1	Z000 /z Ton Come Z000 /z Ton Dodge 996 1-Ton Dodge	714	
	Jumper Compactor Paint Sprayer addlers, Cordless Tools, Mrsc. Hand Tools	Z- Trash pumps, 1-Riding mon	wer

	. <u>A</u>		
COMPANY NAME: /sh tork) evelopment	ASSOC. Test Year Ended: 12	31	2007
Name of System: Ash Fork Water ServaDEQ	<u></u>	3	

WATER USE DATA SHEET BY MONTH FOR TEST YEAR

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	412	2,914	3,680	0
FEBRUARY	406	2,821	3,045	Ö
MARCH	417	3, ZOZ.	3,226	6
APRIL	418	3,310	3,767	0
MAY	425	4.446	5,416	6
JUNE	434	4,516	5,195	0
JULY	444	4,646	4,746	6
AUGUST	432	3,326	3,421	0
SEPTEMBER	436	3,461	3,662	6
OCTOBER	434	3,064	3.484	0
NOVEMBER	433	2,841	7,941	0
DECEMBER	417	2,503	2,754	0
	TOTALS →	41,050	** 45,337	0

What is the level of arsenic for each well on your system? O. 0049 mg/l - AF # 7 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs our 3-Fire hydrants are currently classified as flushing hydrants.

If system has chlorination treatment, does this treatment system chlorinate continuously?

(×) Yes

() No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

(×) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(×) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact Engineering at 602-542-7277.

^{*} This number must be equal to the number entered on Page 6, "sold gallons."

^{**} Gallons pumped cannot equal or be less than the gallons sold

ADEQ Public Water System Number: 13-008

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$ 273,874	\$ 291,623
460	Unmetered Water Revenue		
474	Other Water Revenues	\$ 3,838	\$ 5,996
	TOTAL OPERATING REVENUES	\$ 277,712	\$ 297,619
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$ 83,734	\$ 87,758
610	Purchased Water (See page 1, item 5)		
615	Purchased Power (See page 1, item 6)	32,898	34,782
618	Chemicals	rinnings, magazine (in same total alama (in land)). The contract of the same total alama (in land) is the contract of the same total alama (in land).	
620	Repairs and Maintenance (See page 1, item 7)	23,552	77,070
621	Office Supplies and Expense	1,343	962
630	Outside Services (See page 1, item 8)	2,500	2,920
635	Water Testing (See page 1, item 9)	2,625	2,690
641	Rents	1,320	4,840
650	Transportation Expenses	5,250	4,043
657	Insurance - General Liability	14,911	9,351
659	Insurance - Health and Life		7,559
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	12,063	3,425
403	Depreciation Expense (From page 20)	52,078	53,557
408	Taxes Other Than Income	7,563	7,012
408.11	Property Taxes (See page 1, item 10)	19,704	18,593
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 259,541	\$ 314,562
	OPERATING INCOME/(LOSS)	\$ 18,171	\$ (16,943)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 4,403	\$ 5,608
421	Non-Utility Income	220	3,822
426	Miscellaneous Non-Utility Expenses		5,754
427	Interest Expense	20,245	23,289
	TOTAL OTHER INCOME/(EXPENSE)	\$(15,622)	\$ (19,613)
	NET INCOME/(LOSS)	\$ 2,549	\$ (36,556)

Note: Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule

^{*} This number must be identical to the number entered on page 5 "total operating revenues."

ADEQ Public Water System Number: 13-008

CALCULATION OF DEPRECIATION EXPENSE

Acct. No	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		Column A	Column B	Column C*
301	Organization			
302	Franchises			
303	Land & Land Rights	1,909,443	N/A	-0-
304	Structures & Improvements	54,477	20.11	10,956
307	Wells & Springs	912,310	20.01	18,331
311	Pumping Equipment	48,138	-0-	-0-
320	Water Treatment Equipment	47,218	-0-	-0-
320.1	Water Treatment Plants	The second secon	enem engressy transference en	talis sural magical analysis and an experience of the second
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes	107,780	3.09	3,328
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains	422,674	3.72	15,761
333	Services			
334	Meters & Meter Installations	15,411	.12	183
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment	61,401	3.49	2,148
340	Office Furniture & Equipment	26,023	1.38	360
340.1	Computers & Software			
341	Transportation Equipment	42,765	3.75	1,602
343	Tools, Shop & Garage Equip.	23,555	1.38	324
344	Laboratory Equipment			
345	Power Operated Equipment		·	
346	Communication Equipment			
347	Miscellaneous Equipment	18,997	2.97	564
348	Other Tangible Plant			
	TOTAL WATER PLANT	3,690,192		53,557

in column 2.

^{*} Column C = Column A x Column B

ADEQ Public Water System Number: 13-008

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	S
134	Working Funds	7,313	29,626
135	Temporary Cash Investments	117,598	100,699
141	Customer Accounts Receivable	6,096	4,190
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	4,971	3,896
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$135,978	\$138,411
	FIXED ASSETS		
101	Utility Plant in Service	\$1,669,409	\$1,669,409
103	Property Held for Future Use	1,885,400	1,885,400
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant ("AD-UP")	770,836	(\$822,791)
121	Non-Utility Property	120,838	135,383
122	Accumulated Depreciation - Non Utility ("AD-NU")	32,942	(\$ 34,544)
	TOTAL FIXED ASSETS	\$2,871,869	\$2,832,857
}	TOTAL ASSETS	\$3,007,847	\$2,971,268

Note: Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

^{*} Must equal page 15, original cost

^{**} Must equal page 15, accumulated depreciation

ADEQ Public Water System Number: 13-008

BALANCE SHEET (CONTINUED)

	BAHANCE BREET (CONTINUED)				
	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR		
	CURRENT LIABILITES	02.426	64.410		
231	Accounts Payable	\$3,436	\$4,419		
232	Notes Payable (Current Portion)	8,035	17,836		
234	Notes/Accounts Payable to Associated Companies				
235	Customer Deposits	25,948	16,558		
236	Accrued Taxes	3,127	3,607		
237	Accrued Interest	3,436	485		
241	Miscellaneous Current and Accrued Liabilities	The Mark Control of the Control of t			
-	TOTAL CURRENT LIABILITIES	\$43,982	\$42,905		
	LONG-TERM DEBT (Over 12 Months)				
224	Long-Term Notes and Bonds	\$472,715	\$444,997		
	DEFERRED CREDITS				
251	Unamortized Premium on Debt				
252	Advances in Aid of Construction	1,794	2,929		
255	Accumulated Deferred Investment Tax Credits				
271	Gross Contributions in Aid of Construction		\$		
272	Less: Amortization of Contributions				
281	Accumulated Deferred Income Tax				
	TOTAL DEFERRED CREDITS	\$	\$		
	TOTAL LIABILITIES	\$518,491	\$490,831		
	CAPITAL ACCOUNTS				
201	General Fund	\$348,754	\$348,754		
211	Contributed Grant Fund	323,312	323,312		
215	Contributed Grant Fund Property	1,855,400	1,855,400		
218	Excess (Decrease) of Revenue Over Expense	(35,316)	(44,100)		
	TOTAL FUND BALANCE	\$2,491,150	\$2,483,366		
	TOTAL LIABILITIES AND CAPITAL	\$3,009,641	\$2,974,197		

Note: Account 272 should be subtracted from Total Deferred Credits.

^{*} Must equal page 24, Total Advances in Aid of Constructions

^{**} Must equal page 25, Total Advances

COMPANY NAME: ASh Fork De	eloomerst HSOC.	Test Year Ended:	12/31/07
Name of System: Ash Fork Water	ADEQ Public Wat	er System Number:	13-008

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt¹

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued	1/1976	8/200Z		
Source of Loan	USDA	USDA		
Reason for Loan	purchase syst	m new well upgmde system	η	
Dollar Amount Issued	\$ 768,000	\$ 433,000	\$	\$
Net Proceeds	\$	\$	\$	\$
Amount Outstanding	\$44,725.	s 418,188	\$	\$
Date of Maturity	2014	2042		
Interest Rate	5%	4.75%		
Current Year Interest	\$ 3,141	\$ 20,148	\$	\$
Current Year Principal	\$ 13,138	\$ 4,699	\$	\$
Authority Granted By ACC Decision No.	43321	65852		

A.R.S. 40-301 requires ACC approval of long-term debt. If the Commission has not approved any of the above loans, then please submit an application requesting approval of the above loans.

Meter Deposits Refunded During the Test Year \$ Z, 930. \(\frac{2}{3} \)

List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed.

	1	
COMPANY NAME: ASh Fork Developmen	ASSOC Test Year I	Ended: 12/31/07
Name of System: Al Fork Water SelaDEQ	ublic Water System Nu	mber: 13-008

ADVANCES IN AID OF CONSTRUCTION (Acct. 252)²

	Additions During Year	Refunds During Year	
Balance Per Prior Decision	N/A	N/A	\$ 1445.
Year Z003	\$ Z55. ~	\$ 235.	
Year 2004	\$ 531.	\$ 314.	
Year 2005	\$ 270.	\$ 300.	
Year <u>200</u> 6	\$ 738.	\$ 304.	·
Year <u>ZOO</u> 7	\$ 1766.	\$ 423.	
Year	\$	8	engen 1985 ga Mandali Salah San Ann Ann Ann an a
Year	\$	\$	·
Year	\$	\$	
Total of Additions	\$	N/A	
Total of Refunds	N/A	\$ 1576.	
Total Advances in Aid of Construction	N/A	N/A	\$ 2929. *

Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.

^{*} Total Advances in Aid of Construction = Balance Per Prior Decision + Total Additions - Total Refunds (cross reference this to the Balance Sheet on page 22)

² Advances in Aid of Construction refers to the following:

⁽¹⁾ Refundable amounts received from a new customer to cover the cost of a meter and piping from the building to the meter and the associated installation.

⁽²⁾ Refundable amounts received from a customer or a developer for mains, valves, fittings, and additional facilities required to provide pressure, storage, or water supply pursuant to a main extension agreement.

	l		
COMPANY NAME: AST FORK Develo	opment Assoc.	Test Year Ended: 12/31/2007	
Name of System: Ash Fork Water Ser			

GROSS CONTRIBUTIONS IN AID OF CONSTRUCTION (Acct. 271)³

Balance Per Prior Decision	N/A	\$ -
Additions Year	\$	
Additions Year_	\$	
Additions Year	\$	
Total Additions	N/A	\$
Balance at Test Year End	N/A	*

Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.

^{*} Balance at Test Year End = Balance Per Prior Decision + Total Additions (cross reference this to the Balance Sheet on page 22)

³ Contributions in Aid of Construction refers to the following:

⁽¹⁾ Non-refundable money, services, or property received for use in the provision of utility service from any source that is provided at no cost and interest free.

⁽²⁾ Unrefunded balances of expired advance contracts reclassified from Advances in Aid of Construction.

Cover Sheet for Customer Notification

Ash Fork Water Service mailed customer notification letter with current and proposed rates and charges, first class US mail along with its October billing to all customers on file as of this date. (copy attached) 9932! 3ZA

All mailings were delivered to the Post Office on October 1, 2008.

Notice was posted at our Coin Operated facility and our filtered water dispensers.

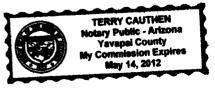
Customer notification was also included in our October 2008 Newsletter, available in various places within the community.

Lewis Hume, Manager **Ash Fork Water Service**

Notary: Jerry Cauthen

9/30/08

9-30-08



CUSTOMER NOTIFICATION

Ash Fork Development Association, Inc., DBA Ash Fork Water Service has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since August 2004.

An increase in rates is necessary at this time due to: rising power costs, insurance increases, wage adjustments, property tax hikes and over all increases in operation costs. Construction projects are needed to replace older undersized infrastructure, provide increased water flow for fire protection and to solidify our distribution trunk main system. It is anticipated that in 4-years additional standpipe facilities will be needed. The upgrade trunk mains would allow for this expansion as well as other development within the community. Based on the Company's request Test Year results, Ash Fork Water Service realized an operating loss of \$36,556. The company is requesting a revenue increase of \$36,221 or 15% of total revenues. Please see the back page for copy of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street (call 800-222-7000 if located outside the Phoenix area) and at the Ash Fork Water Service office, 518 Lewis Ave. Please be advised that the rates and charges ultimately approved by the commission may be higher or lower that the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustments and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Service Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15-days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: K Residential K Commercial | Industrial

☐ Other, specify ఠ ☐ Irrigation

PROPOSED RATES CURRENT RATES

0 0 0 0 0 for for for for for for for for GALLONS \$120.00 \$ 55.00 \$100.00 \$ 35.00 \$ 18.00 \$ 24.00 \$ 12.00 \$ 12.00 0 0 0 0 0 0 0 0 for for for ģ for for for for GALLONS \$ 50.00 \$ 90.00 \$100.00 \$ 22.00 \$11.00\$ 16.00 \$30.00 \$11.00 MINIMUM OR SERVICE CHARGES 5/8" x 3/4" Meter 1-1/2" Meter 3/4"Meter 3" Meter 4" Meter 6" Meter 2" Meter 1" Meter

GALLONS IN EXCESS OF MINIMUM

Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons) \$3.35 \$3.75 \$3.90 Second Tier First Tier Third Tier

6.001 to 12.000 Over 12,000 Up to 6000 Per Month \$ 3.75 \$ 4.37 6.001 to 12.000 \$ 4.20 Per Month Gallons Over 12,000 Up to 6,000 \$ 3.90 \$ 3.35 \$ 3.75

Callons

Rate

Rate

BULK WATER

FLAT RATE

PROPOSED

CURRENT RATE

FILTERED COIN-OP

CARD-RESALE

\$ 9.20 PER 1,000 Gallon NO Change NO Change \$ 8.00 Per 1,000 Gallon \$ 0.25 PER 25 Gallon \$ 0.25 PER I Gallon

CURRENT AND PROPOSED SERVICE CHARGES

CUSTOMER CLASS:

Residential

Commercial

Industrial

□ Irrigation 🕱 All

□Other, specify __

INSTALLATION CHARGES CHARGES 5/8" X 3/4" Meter \$ 216.00 3/4" Meter \$ 270.00 1-1/2" Meter \$ 546.00 2" Meter \$ 780.00 3" Meter \$ 900.00 4" Meter \$ 1,020.00 6" Meter \$ 1,020.00 Establishment \$ 1,140.00 Establishment \$ 15.00		CHARGES \$ 350.00
		350.00
		0000
nent		\$ 350.00
		\$ 420.00
		\$ 900.00
ment		\$ 1340.00
ment		\$ 2,100.00
ment		\$ 2,800.00
		\$ 3,600.00
		\$ 20.00
Establishment (after hours) \$ 20.00	00	\$ 24.00
Reconnection (delinquent) \$ 15.00	00	\$ 15.00
Reconnection (del. after hours) \$		\$ 24.00
Meter Test \$ 10.00	00	\$ 40.00
Deposit 8 Per Rule	Rule	\$ Per Rule
it Interest	% Per Rule 6%	% Per Rule
Re-establishment (within 12 S Per Rule	Rule	\$ Per Rule
NSF Check \$ 15.00	00	\$ 15.00
Deferred Payment %		%
Meter Re-read \$ 10.00	00	\$ 10.00
Late Fee \$ 1.5%	%	\$ 1.5%

Appendix: Water Compliance Affidavits and ADOR Tax Clearance
Form

Included In Checklist I tems 1-4

ADEQ "Compliance Status Porport" To Follow see pg 4 - (Mannitive)



518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320





ACC Rate Hearing

In presenting our case for a rate increase I would like to offer in to evidence our Rate Application Marked A-1 and call to your attention our narrative (pg 3 & 4).

Additional Plant (a second ground water well), increased cost of power, insurance, property taxes, vehicle fuel and wages along with need for system expansion necessitates we come before you with a rate increase request. (Water main & additional standpipe facilities approx. 4-years out)

I call your attention to Staff's Report, particular the absence of complaints (except Mr. Hausbrouck letter) from customers regarding our application for rate increase. Customers recognize our moderate rates.

Ash Fork Water Service has a seasoned experienced staff. Our customers are informed about operations, regulatory issues, water quality and future needs through our bi-monthly newsletter.

We recognize that our 2007 test year had unusually high well maintenance/rehabilitation costs. This is a great example of unanticipated expenses that water companies must be prepared for.

Since 2002 water sales growth have slowed registering only 6% over 6-years. In the past we relied heavily on growth to offset expense increases.

Ash Fork has a substantial amount of water hauling customers. In 2007 we recorded 65% of our water revenue from Haulers (Standpipe customers) which accounted for 54% of the total water sales. Most of the growth recorded is in the standpipe type customer.

Evidence list

ACC Rate Application A-Copy of Public Notice A-9
Hausbrouk Letter
Response to Staff Report A-6
Rate code Report, Income/Expense Report A-7
ADEQ Compliance Report A-5
Employee, Salary, Who & what A-4
Water pump/sold report A-3
Information supplied for Plant in Service A-8
Staff Report
Hearing question-list of responses A-7
Arsenic Cot Roults A-10



518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320



ACC Response to Hearing Officer Question

of Permanente Standpipe Customers (evidence rate app. & rate code report.)
 265 -standpipe customers

With our application we reported for the test year between 406 and 444 total customers. This number represents customers who actively received water during each month.

Our rate code report for 12/2007 shows 502 total customers. (We are unable to determine the number of users we have using our coin operated standpipe facility).

The difference between the reported number of customers and the number shown on our rate code report is due to inactive customers within the standpipe system. (These customers are qualified to receive water but have chosen not to draw during this period.)

2. % of revenue from standpipe customers (income spread sheet 2007)

Of 2007 water sales income

66% was from standpipe customers

Residential	22%
Commercial	25%
Coin Op.	14%
Filter mach.	4%

(Total reflects rounded number)

This accounts for 54% of the total water sold.

3. Other Water Revenue as reported on income/expense report(income S.S.)

Service Charges
Establishment, NSF, Misc. labor \$ 2730.
Retail Sales \$ 3266.
Total of \$ 5996.

4. Salary wages who? What? (Rate Application)

(Copy attached)

Manager package above salary,

Insurance contribution \$ 6424.
Retirement contribution \$ 976.

5. Arsenic AF#2

No addressment is required for arsenic at the current levels.

Latest Arsenic sample results for AF #2 show 0.010 mg/l result. All tests except the very initial testing phase (when the well was first being brought on line) have shown Arsenic levels at or below that latest result. (0.010)



518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320



Arsenic surcharge has never been activated.

6. Is there a well #3?

No. There was a ADWR drilling permit for an additional well in the immediate area it was never completed.

7. Total Number of Customers

Role code perfort

502 Total Customers 12/2007

8. Water Loss

Pumped/sold water totals

Increase in water loss for 2007 was from 2-water main breaks not discovered promptly.

From 2002 to 2006 we show between 2 and 5% water loss.

2007 at 9.5% for the above reasons

2008 was at 8%

First 4-months of 2009 show 7% water loss.

In may 2008 well output meter from AF #2 started registering 6 GPM increase from 1-day to the next. It is still registering at this increased figure. This over registering of production could easily account for 2 to 3% of the total water loss.

Since the winter time main line breaks, we more routinely survey our system for leaks and repair at once. With consideration for the over registering production meter, water loss for 2009 could easily be under the 5% line. An acceptable level.

9. Additional Acreage at AF#2

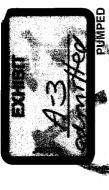
Parcels within the Juniperwood Ranch sub-division are sold in 40-acres pieces. The additional land will be for additional ground water wells as needed. We now know that ground water in sufficient quantities is available under this parcel. The land will be utilized for a well field.

10. Dam & Reservoir (Ash Fork Stone Dam)

The 100-plus acres with Dam & Reservoir were gifted to us from Mr. John F. Long. Current use is primarily for recreation. An additional water supply could potentially be a valuable resource for future needs. A water line (although in need of repair) exists from the reservoir to town.

11. Copy of ADEQ Consumer Compliance Report

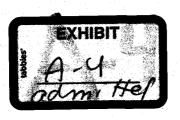
MONTHLY PUMPAGE FOR PRODUCTION WATER WELLS AF #1 AND AF #2



SOLD PUMPED % of Water

% of Water Accounted	For													84%	%68	91%	95%	95%	% 6 6	%26	%86	90.50%	95%		
PUMPED % of Water	AF #2																			10.76		30.8	23.1		
SOLD PUI	Ì									ā.,		7.0	.5	.67	5.8	19	3.4	41.0							
	TOTALS											ਲ	'n	સ	ਲੇ	8	ਲ	4	8	ñ	ñ	4	4		
PUMPED	TOTALS											35.6		37.9	40.5	36.6	40.7	43.5	39.0	40.5	40.5	45.3	44.5		
	DEC	1.82	2.07	2.33	2.50	2.05	3.73	2.09	1.96	2.22	1.99	2.56	lable	2.52	2.44	2.52	2.68	3.10	1.98	2.97	2.44	2.75	2.73		
	NOV	\$1.90	2.22	2.54	2.14	2.02	2.22	2.22	2.72 1.96	2.78	2.30	2.44	ita not avai	3.15	3.11	2.77	2.24	2.41	2.74	3.11	2.49	2.94	2.86		
	OCT	2.37	2.24	2.47	2.70	3.63	2.47	2.41	2.76	2.64	2.84	2.46	Data	3.07	3.74	3.56	3.74	4.08	3.22	3.19	4.02	3.48	3.73		
	SEP	2.38	2.53	3.15	2.59	2.37	2.90	4.56	3.00	3.36	2.88	3.37	3.81	3.49	3.31	3.56	3.24	3.78	3.27	3.61	3.81	3.73	3.63		
	AUG	2.59	2.85	2.69	3.07	3.29	2.72	3.18	3.89	2.76	3.82	2.66	3.58	3.44	4.84	3.37	4.22	3.84	3.83	3.69	4.23	3.42	4.32		
	JUL	3.25	2.86	3.74	3.27	3.16	3.38	3.32	4.09	4.76	3.96	5.36	4.14	3.37	3.84	3.49	5.18	5.42	4.57	4.45	4.12	4.75	5.26		
	NOC	2.68	2.38	3.00	3.37	2.52	2.54	3.50	4.31	2.83	3.97	3.51	3.28	4.42	4.46	3.69	3.97	4.92	4.71	4.50	4.71	5.19	4.76		
	MAY	2.05	2.38	2.62	2.74	2.73	2.14	2.59	2.54	2.99	3.62	3.42	2.93	3.36	2.59	3.70	3.56	3.32	3.36	3.48	3.91	4.44	4.11		
	APR	2.18	2.04	2.46	2.42	2.48	2.09	2.44	2.49	2.67	2.44	2.70	2.93	2.64	3.16	2.59	3.53	2.87	2.94	3.02	2.70	3.77	3.71		
	MAR	1.77	2.21	2.54	2.15	2.12	erative	2.05	2.45	2.14	1.99	2.17	2.32	3.10	2.68	2.33	2.82	2.83	3.40	2.77	2.84	3.23	3.65		
	FEB	1.64	1.87	2.32	2.09	2.32	neter inop	2.14	1.91	1.95	2.25	2.40	2.11	2.48	2.72	2.23	2.60	2.75	2.25	2.22	2.69	3.04	2.94 2.80 3.65		
	JAN	1.71	1.97	2.01	2.29	2.29	Flow r	2.74	1.85	2.17	2.37	2.55	2.12	2.46	2.62	2.75	2.89	3.21	2.69	2.25	2.53	3.68	2.94		
Calender	Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2002	2006	2007	2008	2009	2010
J																				AF #Z	On Line				

ASH FORK WATER SERVICE TEST YEAR ENDED 12/31/2007



NAME:

LEWIS HUME

POSITION:

SALARY:

\$35,953.22 - 70% of Family Health Ins. - Refirement Contribution

DUTIES:

Manager in charge of all operations, Administrative,

Regulatory, Operations, Planning, Accounts Payable, order supplies, prioritize projects and assign, attend and report at board meetings, Recommend new procedures or needed improvements to the Board, coordinate outside services, carry

out other duties from board as directed.

Ins = 6424. -Ret - # 976. -

NAME:

GLENN ELLIOTT

POSITION:

OPERATOR-I

SALARY:

\$20,677.00

DUTIES:

Water Operations, maintenance, Field Crew leader, system,

facility & building repairs, water sampling, meter reading,

inventory,

NAME:

TERRY CAUTHEN

POSITION:

SECRETARY

SALARY: DUTIES:

\$19,242.25 Office duties including book keeping, accounts receivable,

bank deposits, phone, receptionist, Assist Directors with

reports, typing etc., office cleaning,

NAME:

JOSEPH FARICHILD

POSITION:

MAINTENANCE WORKER

SALARY:

\$10,836.00

DUTIES:

Trench Technician, grounds keeper, laborer, meter

replacement, Building maintenance, vehicle & equipment

maintenance, equipment operator



Drinking Water Monitoring and Protection Unit Mail Code 5415B-2 1110 West Washington Street Phoenix, AZ 85007



Drinking Water Compliance Status Report

System Name	<u></u>	Sy	stem Type	Is	system co	nsecu	tive?
ASH FORK WATER S	ERVICE	X			, , , , ,	us salas	. * .
System ID #			Non-transient Non-community	<u></u>	to PWS	<u> </u>	
13008			Transient Non-community		No		
Overall compliance status	10	য	No major deficiencies	П	Major de	ficienc	es
Monitoring and Reporting		XI.	No major deficiencies	Ī	Major de		
Comments: None							
Operation and Maintenance	e status	T	No major deficiencies		Major de	ficienci	es
Date of last Sanitary Surve	y 12/9/08	I	nspector Adam Klatzker,				
[[]] treatme [[]] certified Comments: Recommendation		e fi	[□] atc/aoc [□] other = nished water storage.				
<u> بروان با در برای به داده کی د هیشون که برای دو در کوشت که بازی کوشت کوشت کا برای در بازی کوشت کوشت کا برای ب</u> این موادر کوشت کا برای کوشت کا برای کوشت کا برای کا بر			a, barra ta da manda manda manda da ma Manda da manda da ma				
Is an ADEQ administrative	order in effect	?			Yes		No
Comments: None							
	Sve	to	m Information				
Population Served	<u> </u>			24	50	<u></u>	
Service Connections				24			***
Number of Entry Points to the	e Distribution S	vst	e m	2			
Number of Sources				2			
Initial Monitoring Year				199	95		
Monitoring Assistance Progra	em (MAP) Syste	em		X	Yes		No
Evaluation completed by	Donna Caldero Drinking Water	on,	Manager / Controlled Unit				
Phone	602-771-4641		Date	Fe	bruary 20,	2009	
currently delivering water Administrative Code, Ti Based upon the monitor this system is currently	er that meets wa tle 18, Chapter ring and reporting delivering water	ate 4. ng r th	system, ADEQ has determined r quality standards required by deficiencies noted above, ADE at meets water quality standard	40 c	CFR 141/A	rizona ermine	if
	on and mainten delivering water	and	ce deficiencies noted above, A at meets water quality standan				

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

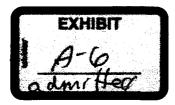


518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320





Arizona Corporation Commission
Docket Control



Response to Staff Report,
Rate Application
Docket # W-01004B-08-0508

Ash Fork Development Association, Inc. DBA
Ash Fork Water Service

March 23, 2009



518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320



Response to Staff Report:
Ash Fork Development Association, Inc. DBA Ash Fork Water Service
Lewis Hume, Manager, Ash Fork Water Service
W-01004B-08-0508

Proposed rates and chargers from "Staff" appear to be in line with requested rates and charges from "Company". We would agree with or approve these rates and charges as submitted by "Staff".

I make the following comments and ask for clarification or correction on the following items.

Unaccounted for water or water loss for the 2008 calendar year was at 8%.

Page-3 in the "Background" information section states "ADEQ Public Water System ID# as 14003." This should be corrected to read ADEQ System ID# 13-008.

SCH MEM-4 pg 1 of 1 line 20. Currently reads "Over 12,000 Gallons" Should this read "Over 6,000 Gallons"?

Lewis Hume Ash Fork Water Service

£2-31 Rate	# of	Rate C Water Usage	ode Rei Water Charges	port Rate Name	EXHIBIT admitte	Tax Chars	jes	Connect/re	Backflow Tees	in
 1	172 ✓	575,860	3,829.71	5/8 x 3/4 f	Res	243	3.17	60.00	0.00	
2	112	0/3,000	0.00		/Turned Off Accounts		.00	15.00	0.00	
√3	1	6,200	84.77	1 inch Res	Turnog of i noodgiida		.39	0.00	0.00	
~ 14	* ~	153,080	706.38	1 inch Com			.85	0.00	0.00	
\mathcal{I}_{5}	ů 🗸	234,600	1,128.39	2 inch Com			.65	0.00	0.00	
16	3 🗸	26,800	186.12		e Dept. 2-2' Meter		.82	0.00	0.00	
8	240-	487,030	3,950.40	Card Disper			.86	15.00	0.00	
9	8****	30,600	248.88	Card Disper			.81	0.00	0.00	
10	14	235,880	1,887.04	4 inch Star			.82	0.00	0.00	
11	67	193,620	1,548.96		ndpipe reSale		.00	0.00	0.00	
12		5,374,440	0.00		ous Control Meters		.00	0.00	0.00	
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. 1		\$ 31.14	\$ 1,239.38		\$ 1,548.96	\$ 1,887.04	\$ 248.88	\$ 3,950.40	\$ 186.12	\$ 1,128.39	7 \$ 706.38	-	65	\$9	ECEMBER
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\$ 21,987.30	\$ 8.00	\$ 20.01	\$ 1,305.43	\$ 3,108.09	\$ 1,698.56	\$ 2,843.	\$ 283.36	\$ 5,140.80	\$ 231.23	\$ 1,238.54	\$ 614.20	0 \$ 141.55	\$ 887.50	\$ 4.466.83	CTOBER
\$ 60,717,00	\$ 24.00	30.73	\$ 3,863.20	\$ 11,659.59 \$	\$ 9,230.56	\$ 9,478.88	\$ 1,098.00	\$ 19,530.08	\$ 639.00	\$ 3,915.20	\$ 2,098.47	0 \$ 483.96	\$ 3,110.00	\$ 15,738.16	RD QTR
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- 1	8,00		1,456.00	4,668.58	\$ 3,075.44	\$ 4,998.00	\$ 373.92	\$ 6,464.72			S	S	8	5.645	AY
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17,701.01	\$ 16.04 \$	\$ 10.00	1,184.72	2,309.89	2,958.48		\$ 87.44	\$ 3,943.28	\$ 191.42		\$ 1,106.58	\$	i	- 1	EBRUARY
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\$ 2,377.58	\$ 770.00 \$ 100.00 \$ 870.00	\$ 159.42 \$ 872.65 \$ 1,032.07	\$ 125.72 \$ 30.00 \$ 94.79 \$ 250.51 \$ 183.00 \$ 183.00	FAX/NETHUTM, AREABUMS E/Them Made:
8 \$1,443.80	\$ 128.65 0 \$ 110.04 0 \$ 137.09 0 \$ 375.78	2 \$ 197.45 5 \$ 133.78 \$ 104.71 7 \$ 435.94	\$ 146.56 \$ 89.85 9 \$ 96.03 1 \$ 332.44 0 \$ 102.12 0 \$ 191.44 106.08	SE LATE CHARGES
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\$ 16,382.51	\$ 1,286.73 \$ 1,213.71 \$ 1,065.39 \$ 3,565.83	\$ 1,821.98 \$ 1,317.56 \$ 1,408.63 \$ 4,548.17	\$ 1,150,15 \$ 953,19 \$ 1,276,34 \$ 3,379,68 \$ 1,351,44 \$ 1,757,55 \$ 1,779,84 \$ 4,888,83	BILEO SALES TAX
\$	8 8 8 8 8 8 8 8	8 8 8	(A) (A) (A) (A) (A) (A)	COT1
206.35	1.41 1.15 - 2.56	3.50 7.55 0.86 11.91	1.16 0.64 1.80 1.80 117.08 65.25 7.75	COLLECTED
\$ 16,588.86	\$ 1,288.14 \$ 1,214.86 \$ 1,065.39 \$ 3,568.39	\$ 1,825.48 \$ 1,325.11 \$ 1,409.49 \$ 4,560.08	\$ 1,151.31 \$ 953.83 \$ 1,276.34 \$ 3,381.48 \$ 3,381.48 \$ 1,468.52 \$ 1,822.80 \$ 1,787.59	TOTAL SALES TAX
69	0000	w w w	w w w w w w	STATE SUP
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			55,500.00							6,000.00					6,000.00		-			17 500.00		12,500.00		5,000.00					15 000 00		15 000 00					7,000.00	-+-	(a)		-		-	OTATEMEN	TARE NITEN	3
			\$ 800.00							\$ 160.00				\$ 80.00	\$ 80.00				ı	\$ 240.00		\$ 80.00	\$ 80.00					- 1	\$ 160.00	-	\$ 80.00		\$ 80.00			\$ 10.00	940.00	90.00			80.00		TALLAND IN THE	TINKAGTO CA	1

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Ash Fork Development Assoc., Inc. W-01004B-08-0508 December 31 2007

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t in Service - Since last rate c	reciation Composite Kate =	reciation Expense half year con
lant in Service - Since last rate case unaudited information.	Depreciation Composite Kate =	Depreciation Expense half year con

		Accumulated	Depreciation	12/31/2003	ı -	•	28,510	13,410	•	•	118,256	•	•	•	31,225	26,299	58,833	229,792	1 .	7,963	•	,	•	10,486	23,693	•	13,513		•	30,467	11,848			\$ 604,294
			Ď	Expense) 	1		802		•	7,070		•	•	6,017	1,572	2,393	8,453	•	1,093	. 1	1	•	1,185	6,548	•	1,178	1	•	4,885	1,900		1	\$ 43,096
			2003	seurement	ı 9	•	1			ı	•	1		į	ı	1	1	•	•	•	I,	•	1	•	•	1	• .	1						ا دی
			2003	Addition	ı 9	•	ı	•	•	•		,•	•	ı	i	•	•	•	•	•	•		•		•		•			•	•		•	69
<u> </u>	Test Year	Balance	Accumulated	Depreciation Additions/eurement	•	•	28,510	12,608	•	ı	111,186		ı		25,208	24,726	56,440	221,338	•	6,870		1	•	9,301	17,145		12,335		1	25,582	9,948			\$ 561,198
	Prior	Test Year	Balance		1	•	54,443	24,077		•	212,323	i .		I	48,138	47,218	107,780	422,674		13,120		•		17,762	32,740	1	23,555		•	48,852	18,997	1		1,071,679
:	Decision No.	67158	tion	Nate 0.00% &		%00.0	%00.0	3.33%	2.50%	2.50%	3.33%	6.67%	2.00%	2.00%	12.50%	3.33%	2.22%	2.00%	3.33%	8.33%	2.00%	6.67%	6.67%	6.67%	20.00%	4.00%	2.00%	10.00%	2.00%	10.00%	10.00%	0.00%		ક
Cepiecianoli Experise Ilan year converin			DESCRIPTION	Ordenian Cost			Land and Land Rights	Structures and Improvements	Collecting and Impounding Res.		Wells and Springs	Infiltration Galleries and Tunnels	Supply Mains		Electric Pumping Equipment		Distribution Reservoirs & Standpipe		Services	Meters	Hydrants	Backflow Prevention Devices	Other Plant and Miscellaneous Equipme	Office Furniture and Fixtures	Transportation Equipment	Stores Equipment	_	Laboratory Equipment	Power Operated Equipment	Communications Equipment	Miscellaneous Equipment	Other Tangible Plant	Plant Held for Future Use	Total
		ACCT	NO.	304	00.100	302.00	303.00	304.00	305.00	306.00	307.00	308.00	309.00	310.00	311.00	320.00	330.00	331.00	333.00	334.00	335.00	336.00	339.00	340.00	341.00	342.00	343.00	344.00	345.00	346.00	347.00	348.00		
		Line	<u>8</u>	•	- (7	က	4	, LO	ဖ	7	©	6	9	=	12	13	4	15	16	17	2	19	20	21	22	23	24	22	5 6	27	28	53	30

	•																														ı
	Plant Balance 12/31/2005	ı	•	55,443	86,125	F	Ī	538,881	•	1	1	277,413	64,137	107,780	782,343	7,434	15,909	6,095	•	46,788	21,525	32,740	•	23,555	•	•	48,852	18,997	•	1,874,000	4,008,017
	σ.	ઝ																													⇔
Accumulated	Depreciation 12/31/2005	ì	ı	28,510	18,113	J,	1	148,708	,	1	ł	86,249	30,288	63,618	257,489	371	10,498	183	•	4,347	12,981	36,789	•	15,868	•	1	40,238	15,647	i		769,897
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	Depreciation Expense	' \$	•	1	2,868		,	17,945	•	•	•	34,677	2,136	2,393	15,647	248	1,325	122	•	2,954	1,310	6,548	•	1,178	1	•	4,885	1,900	•	- 1	\$ 96,134
	Dent [,			,		ı		ı	ı	,	,	,			,	1				,	,	,			•				
	2005 Retirement	69																													↔
	2005 Additions	•	•	,		•	,	•	•	,	1	•	1	•	•	•	1	ı	1	5,004	3,763		ı	1	•		•	•			8,767
	ď	↔																												- 1	()
	Plant Balance 12/31/2004	•		55,443	86,125	•	1	538,881	•	•		277,413	64,137	107,780	782,343	7,434	15,909	6,095	•	41,784	17,762	32,740	1	23,555			48,852	18,997		1,874,000	3,999,250
	Plan	s																													⇔
ed	 			9	45			63				7.5	53	5 8	42	124	72	61		93	7	<u>4</u>		06			22	47		- 1	
Accumulated	Depreciation 12/31/2004		•	28,510	15,245	ı	1	130,763	•	ı	•	51,572	28,153	61,226	241,842	-	9,172			1,393	11,671	30,241	•	14,690	•	•	35,352	13,747	•	-	673,763
⋖		⇔			S			စ				7	4	က	0	4	တ	-		က	5	~		Ø			ري ا	0		- 1	ഗ တ
	Depreciation Expense	•	•	•	1,835	1	•	12,508	•	1		20,347	1,85	2,393	12,05	12	1,209	6	1	1,39	1,185	6,54	•	1,178	í		4,885	1,900	•		69,469
		↔																													€
	2004 letirement	1	1		,	1		1		ŧ	1	1	1	1	1		1	1	1	•		1	ŧ	ı	•			t	ı		1
	20 Setire	69																												-	€>
	2004 Additions	•	1	1,000	62,048	,		326,558	•	•	ı	229,275	16,919	ı	359,669	7,434	2,789	6,095	•	41,784	t	•	ı	ı	•	ı	•	•	1	1,874,000	2,927,571
		↔																													()
	Plant Balance 12/31/2003	•		54,443	24,077	•	\$	212,323	1	ı	•	48,138	47,218	107,780	422,674	ı	13,120	r	•	•	17,762	32,740	1	23,555	1	•	48,852	18,997	1	1	1,071,679 \$
	ă ←l	69																													બ

		•							
Plant Balance <u>12/31/2007</u> \$	55,443 86,125	508,699	277.413	64,137	782,343 7,434 18,200 6,095	54,333 26,023 29,364	23,555	48,852 18,997	1,874,000
Accumulated Depreciation 12/31/2007	23,849	154,416	155.602	34,560	288,783 866 13,434 427	10,841 16,302 20,964	18,224	50,008 19,447	
Accumulated Depr. Staff Adjustments <u>Increase</u> \$ - \$						30,528			
< ₹ ₩									
Assets Staff Adjustments crease Decrease						13,401	• • • • • • • • • • • • • • • • • • •		
되❤									
Plant Balance 12/31/2007	55,443 86,125	508,699	277,413	64,137	7,434 7,434 18,200 6,095	54,333 26,023 42,765	23,555	- 48,852 18,997	1,874,000
Accumulated Depreciation 12/31/2007	28,510 23,849	154,416	- 155,602	34,560 68,404 288 783	13,434 427	10,841 16,302 51,492	18,224	50,008 19,447	
Depreciation [Expense	2,868	17,945	34,677	2,136 2,393 15,647	248 1,516 122	3,372 1,736 7,853	1,178	4,885 1,900	
2007 Retirements		30,182				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
2007 Additions			• •		1 1 1	7,545	ar a sa		4 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Plant Balance 12/31/2006	55,443 86,125	538,881 -	277,413	64,137 107,780 782,343	7,434 18,200 6,095	46,788 26,023 35,765	23,555	48,852 18,997	1,874,000
Depreciation 1 12/31/2006	28,510 20,981	166,653	120,925	32,424 66,011 273,136	619 11,918 305	7,468 14,567 43,639	17,046	45,123 17,547	900 070
Depreciation [Expense \$	2,868	17,945	34,677	2,136 2,393 15,647	248 1,421 122	3,121 1,586 6,851	1,178	4,885	- 08 074 &
2006 etiremer \$								1 1	4
100					2,291	4,498 3,025			9.814

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Depreciation E.	Depreciation Expense half year convention	igon :	í	Prior													
		Decision No.	Z Z	est Year													
ACCT		67158	_	Balance				Accumulated					Accumulated				
NO. DE	DESCRIPTION	Depreciation Rate	Balance 12/31/2002	Accumulated Depreciation	2003 200 Additions?etiren	3 Jent	Depreciation Expense	Depreciation 12/31/2003	Plant Balance 12/31/2003	2004 Additions	2004 Retirement	Depreciation Expense	Depreciation 12/31/2004	Plant Balance	2005 Additions	2005 D Retirement	Depreciation Expense
301.00 Organization Cost	ost	0.00%		•	•	,	-	,		· •		9	5	9	·	60	٠ ا
		%000	•			•	1	•	,	•	•		•	•	•	•	•
-	Rights	%00.0	54,443	28,510		•	•	28,510	54.443	1.000			28 510	55.443	,	•	•
	Structures and Improvements	3.33%	24,077	12,608		•	802	13,410	24,077	62,048		1.835	15,245	86,125	,	. •	2,868
_	Collecting and Impounding Res.	2.50%	•	•	•		•	•	•			•	•	. •		•	. •
_	Other Intakes	2.50%	•	•	•	•		•.		•	•	•	•	•	•	•	
_	ngs	3.33%	212,323	111,186		•	070,7	118,256	212,323	326,558	•	12,508	130,763	538,881	•	•	17,945
308.00 Infiltration Galle	infiltration Galleries and Tunnels	6.67%		•	•	•	•		•	•	•	•	. •	•			•
309.00 Supply Mains		2.00%	•	•		•	•		,	•	•	•	•	. 1	•	•	1
310.00 Power Generation Equipment	ion Equipment	2.00%		•	•	•	1	•	•	•	•		•	•	٠		•
311.00 Electric Pumping Equipment	ng Equipment	12.50%	48,138	25,208	•	•	6,017	31,225	48,138	229,275	•	20,347	51,572	277,413	•		34,677
320.00 Water Treatment Equipment	int Equipment	3.33%	47,218	24,726	•		1,572	26,299	47,218	16,919	,	1,854	28,153	64,137	•	•	2,136
330.00 Distribution Rev	Distribution Reservoirs & Standpipe	2.22%	107,780	56,440		•	2,393	58,833	107,780			2,393	61,226	107,780	•	,	2,393
331.00 Transmission a	ransmission and Distribution Mains	2.00%	422,674	221,338	•		8,453	229,792	422,674	329,669	•	12,050	241,842	782,343	: •	4	15,647
333.00 Services		3.33%	•	•				•	•	7,434		124	124	7,434	-1		248
334.00 Meters		8.33%	13,120	6,870		•	1,093	7,963	13,120	2,789		1,209	9,172	15,909	•	1	1,325
335.00 Hydrants		2.00%	•	•	•			•	•	6,095	,	9	6	960'9	•	•	122
336.00 Backflow Prevention Devices	Intion Devices	96.67%	•	•		•	•			•.	•	J	•	•	•	,	
339.00 Other Plant and	Other Plant and Miscellaneous Equipme		•	•		•	•	•	•	41,784		1,393	1,393	41,784	5,004	•	2,954
340.00 Office Furniture and Fixtures	e and Fixtures	6.67%	17,762	9,301			1,185	10,486	17,762		•	1,185	11,671	17,762	3,763	•	1,310
341.00 Transportation Equipment	Equipment	20.00%	32,740	17,145	•		6,548	23,693	32,740	•	•	6,548	30,241	32,740	•	- •	6,548
342.00 Stores Equipment	ent	4.00%		•				•	•	•		•	•	•	•	•	•
343.00 Tools and Work Equipment	k Equipment	5.00%	23,555	12,335		•	1,178	13,513	23,555	•	•	1,178	14,690	23,555	•		1,178
344.00 Laboratory Equipment	ipment	10.00%	•			•	•	•	•	•	•	. •	. •		•		•
345.00 Power Operated Equipment	d Equipment	5.00%	,	•			•	•	•	•		•	•				•
346.00 Communications Equipment	ns Equipment	10.00%	48,852	25,582	•	•	4,885	30,467	48,852	•		4,885	35,352	48,852		•	4.885
347.00 Miscellaneous Equipment	Equipment	10.00%	18,997	9,948		•	1,900	11,848	18,997	•	•	1,900	13,747	18,997	•		1,900
348.00 Other Tangible Plant	Plant	0.00%		•	•	,		•	•		•	•	, ,•	•	•	•	•
Plant Held for Future Use	Future Use			•	•		,	•	•	1,874,000				1,874,000	•		
		ı°	€ 1 074 E70 €	£ 581 108	·		9 900 07 4		0 000 100 1 to 100 100	10000		400	0000	030 000 0	0		10000

lance 2007	55,443 86,125	669'809	277.413	64,137	782,343	7,434 18,200	6,095	54,333 26,023	29,364	23,555	Ş	46,632 18,997	,874,000	3,988,793
Plant Balance 12/31/2007 \$	ഗ ൽ	S	27	မ င်	82	=		ഗര്	i (X)	Cí.		7 - −	1,87	86°£
Accumulated Depreciation 12/31/2007	23,849	154,416	155 602	34,560	288,783	13,434 13,434	427	10,841	20,964	18,224		19,447	• •	\$ 647,877
, 9 1 .									30,528					30,528
Accumulated Depr. Staff Adjustments Increase Decreas														5
Assets Staff Adjustments Increase Decrease is			•						13,401					\$ 13,401
Plant Balance 8 12/31/2007 Inc	55,443 86,125	508,699	277.413	64,137	782,343	7,434 18,200	960'9	54,333 26,023	42,765	23,555	40.05	18,997	1,874,000	4,002,194 \$
Accumulated Depreciation 12/31/2007 \$	28,510 23,849	154,416	155.602	34,560 68,404	288,783	866 13,434	427	10,841 16,302	51,492	18,224	. 60	19,447		\$ 965,346 \$
Depreciation Expense	2,868	17,945	34,677	2,136 2,393	15,647	248 1,516	123	3,372 1,736	7,853	1,178	7 000	, 1 96,		\$ 98,474 \$
2007 Retirements		30,182				•							- 1	30,182
2007 Additions			٠.		•	• •	•	7,545	2,000		•	•		14,545 \$
Plant Balance 12/31/2006	55,443 86,125	538,881	277,413	64,137	782,343	7,434 18,200	960'9	46,788	35,765	23,555	, AB 857	18,997	1,874,000	4,017,831 \$
Accumulated Depreciation P 12/31/2006	28,510 20,981	166,653	120.925	32,424 66,011	273,136	619 11,918	908	7,468 14,567	43,639	17,046	£ 13	17,547		866,872 \$
A Depreciation Expense \$	2,868	17,945	34.677	2,136	15,647	248 1,421	2	3,121	6,851	1,178		, 1989 1989	. ,	\$ 96,974 \$
2006 etiremen \$ -							•		•					- \$
2006 Additions			•		•	2,291	. •	4	3,025		•		1.1	\$ 9,814
Plant Balance 12/31/2005	55,443 86,125	538,881	277.413	64,137	782,343	7,434	6,095	- 46,788 21,525	32,740	23,555	90	18,997	1,874,000	4,008,017
cumulated spreciation (2/31/2005	28,510 18,113	148,708	. 86.249	30,288	257,489	371 10,498	8	4,347	36,789	15,868	900	15,647	• •	\$ 268,697

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- Extra plant	\$ - Dumping comp.	1 Lydrants	J MAINS	- Treatment cquip						23 b Fencing & Galles	The Control of the Control	22 Building Line Outfall	21 Existing Well Improvements	20 Benefigious and a second se	19≖Bullding Piping, Valves, fittings	18ANew Control Panel (CO #3)	Te Building riectifical	T. LOALSON TO CHICAGO						12 Deleted		10 Air/Vacuum relief Assembly		8 Solid rock Excavation	7 Import Fill Material	Import F	5 4" PVC Pipe & Fittings	4 6" PVC Pipe & Fittings	;	2 Traffic Control	1 Mobilization/Adminisration	ten Description	BID SCHEDULE A	Page 1	- For Period	Arizona Earthmovers	Ash Fork Water Service Water System
	 .4							 		C	ī	S	S	S	င်	Ę	<u>ر</u>	, (ה ה	S	A	ፍ	Ψ,	ς.	፫	፫	Ę	7	ঽ	გ	٦	ፍ	Ę	SJ	S	Unit			Ending	1	:
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									Sub Total	.00		1 \$500.00	1 \$1400.00	1 \$13200.00	1 \$32500.00	1 \$5986.75			1 \$28000 00		€9		1 \$940.00	0 \$0.00	0 \$0.00	3 \$375.00	69		(6			0 \$27.50 \$	\$500.00	\$750.00	\$29000.00	Quantit Unit Cost To			/04		Improvements
									\$313,325.27	÷1,010.00	\$4000	\$500.00	\$1,400.00	\$13,200.00	\$32,500.00	\$5,98b.75	22.00.00	9 0 0 0 0 0 0	\$28,000,00	\$2,200.00	\$500.00	\$6,110.00	\$940.00	\$0.00	\$0.00	\$1,125.00	\$3,745.00	\$1.02	\$1,080.00	\$47.50	\$4,500.00	154,000.00	\$500.00	\$750.00	\$29,000.00	Total					
											145 5	100.0%	100.0%	100.0%	100.0%	£100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%			133.3%	85.7%	100.0%	150.0%	16.8%	152.4%	95.5%	100.0%	100.0%	100.0%	Percent			2	:	
								 : :				%	6	8					6	0	6 0.5	6 130	o`			0		. 10180	135	80	686	5347				Quantit		Completed			
									\$311,268.27		320 \$7 040 00	1 \$500.00	1 \$1,400.00	1 \$13,200.00	1, 332,500,00	1 00, 200 / 4	4 0CC, 400 0C	400 VOO 00	1 \$28,000.00	1 \$2,200.00		0 \$6,110.00	1 \$940.00	\$0.00	\$0.00	4 \$1,500.00	6 \$3,210.00	0 \$1.02	5 \$1,620.00	0 \$8.00	69	7 \$147,042.50	1 \$500.00	1 \$750.00	1 \$29,000.00	Total		leted to Date	1		
	 					,					320		***************************************		300						0.5	130				4	6	10180	135	80	686	5347	-	_	_	Quantity otal		Previ	,		
									\$305,281.52			\$500.00	1 \$1,400.00	\$13,200.00	\$32,500.00		00.00	# 3822 400 00	\$28,000.00	\$2,200.00		\$6,110.00	\$940.00	\$0.00	\$0.00	\$1,500.00	\$3,210.00	\$1.02	\$1,6	\$8.00	\$6,860.00	₩.	- 1	\$750.00	\$29,000.00	lotal		Previously Billed] = -		
									2		_ ب	9.		<u>J</u>						<u> </u>						*										Quantity		Current Bil	:		
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			: :								Arizona Earthmovers	_
						:		ments	Improvements	System I	Ash Fork Water Service Water S	_



518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320



265.59 🗸

\$

Pull & replace well motor, additional check valves, 550' new electrical cable and

Accessories. 3-invoices

Equipment and fittings for new standpipe construction
Northwest Pump & Equipment Co.
Petrovend card reader dispensing system

Daniel L. Jerman Co.
Meters with remote registers

Arizona Water Works Supply
Solenoid valves and fittings

\$ 10,856.95

\$ 9,474.84

Portion of construction of standpipe facility building, approx. 2/3 completed.

Junico Inc. 3-invoices \$ 5,025.19

Hughes Supply

Fittings

TANK COATINGS Total \$37,960.74

Ash Fork Water Service has paid for all the above total costs. This is a request for reimbursement.

Utility Services Tank painting
Retainage \$ 1,000.00

Grand Total \$ 38,960.74

Remainder of Ash Fork Development Association Contribution \$ 12,743.88

Balance \$ 26,216.86

Remainder of USDA Grant #2 \$ 12,888.46

Balance \$ 13,328.40 underfunded

FORM APPROVED

Form RD 1924-	-18 Un	NITED STATES D	EPAR	TMENT OF AGRICULTU	JRE		CONTRAC	T NO.	38B NO. 0575-0442
(Rev. 6-97)	RU	RAL DEVELOPA	TENT	FARM SERVICE AGEN	CY		PARTIAL P	AYMENT ESTIMATE	NO.
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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0042. The time required to complete this information collection is estimated to average 30 minutes per response, including the unactor response instractions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collection of information.

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^{&#}x27; As a maximum, detailed breakdowns should contain this information.

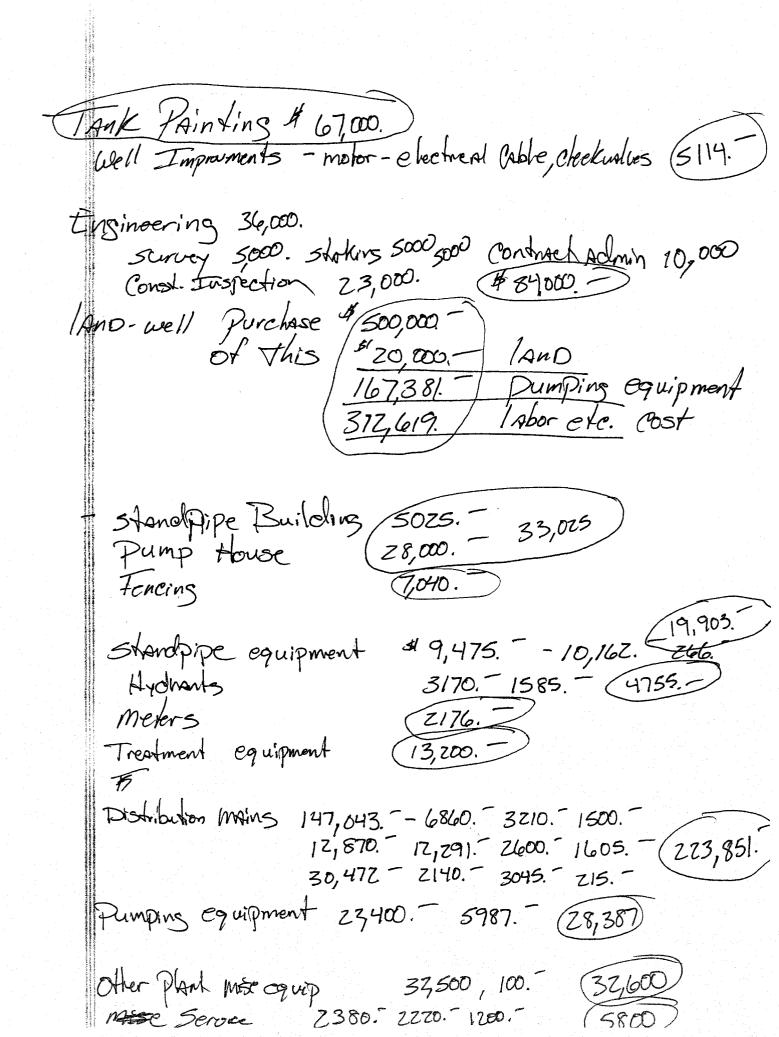
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My Talkey Sheet (Previously submitted)

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Phone (928) 637-2774

Ash Fork Water Service

518 Lewis Ave. P.O. Box 436 Ash Fork, AZ 86320 Fax (928) 637-0394

2/27/09

Marvin Millsap Arizona Corporation Commission Fax 602-364-2270

Marvin,

Thanks for all your help and efforts in getting us checked over and straightened out.

The project in question was funded through the following breakdown.

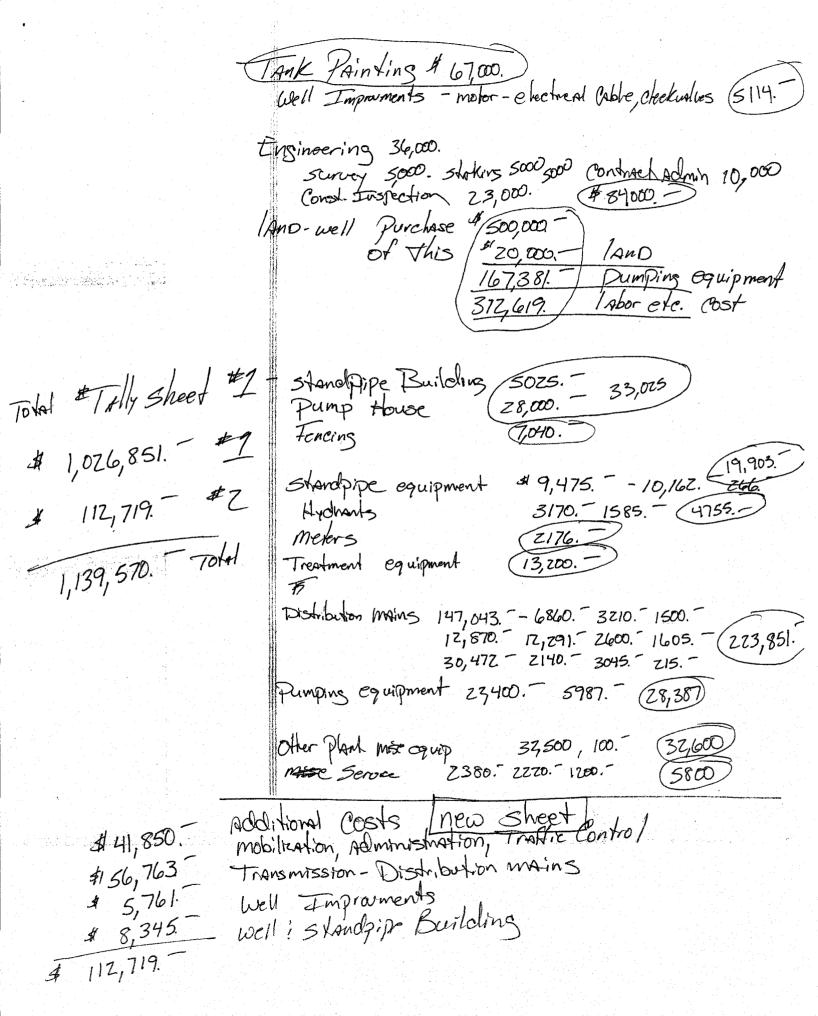
Ash Fork Development/ Water funds	\$ 163,600.
Ash Fork Water in-kind work	67,030. ××4.2
USDA Rural Dev. (loan)	433,000.
USDA Rural Dev. (grant)	542,970.
Total	\$ 1,206,600 1,139,570

These monies were spent for the water line/pump house project, to purchase the well and property, paint storage tanks, construct stand pipe building, meters vales and dispensing equipment.

The in-kind work was credited to us to offset some of the grant monies, for loan application, administration, construction inspection etc.

Lewis Hume Ash Fork Water

In Kindwork was not actual montes expended Actual montes spent # 1,139,570.



ASH FORK WATER SERVICE

P.O. BOX 436 ASH FORK, AZ 86320-0436 928-637-2774 OFFICE 928-637-0394 FAX



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DATE SENT:

TIME SENT:

TO: MArvin

FAX NUMBER:

COMPANY NAME:

602-364-2270

FROM:

COMPANY NAME: Ath Fork Water

TEL NO.:

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DESCRIPTION:

MArvin, Additional Amount of # 112,719.

NUMBER OF PAGES SENT (Including Cover

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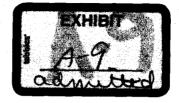


P.O. Box 436 Ash Fork, AZ 86320

Fax (928) 637-0394

3/11/09

Arizona Corporation Commission **Docket Control** 1200 West Washington Street Phoenix, AZ 85007



Matter of Rate Application of the Ash Fork Development Association, DBA Ash Fork Water Service

DOCKET # W-01004B-08-0508

In the matter of **Public Notice of Hearing** in the above filing, an Order of certification of mailing, posting and publication, was issued.

Accept this letter as certification of noticing as ordered.

Find attached a copy of Notice of Hearing that was mailed to each current customer along with their water bill on February 27, 2009 by first class US Mail.

This notice was also posted at our Coin Operated Standpipe and our 2-filtered water dispensers.

The same notice also was included in our Feb/March newsletter available February 1, 2009.

Also find a copy of the Notice of Hearing that was published in the February 25, 2009 edition of the Williams/Grand Canyon News paper.

This complies with the Procedural Order issued in this case.

Certifying that the above was completed as listed.

Lewis Hume

Manager, Ash Fork Water Service

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF ASH FORK DEVELOPMENT ASSOCIATION, INC., DBA ASH FORK WATER SERVICE, FOR APPROVAL OF A RATE ADJUSTMENT. (Docket No. W-01004B-08-0508)

Summary

On October 1, 2008, Ash Fork Development Association, Inc., dba Ash Fork Water Service ("Ash Fork"), filed with the Arizona Corporation Commission ("Commission") a Rate Application requesting an increase in its current rates and charges. With this rate application, Ash Fork requests authorization to increase its rates to generate an additional \$36,221 in annual revenue, approximately a 12% increase over its reported 2007 test year total operating revenues of \$297,619. The rate application requests an increase in monthly minimum service charges, in commodity charges for metered customers, in the commodity charge for standpipe bulk water sales, in service line and meter installation charges, and in some service-related charges. The application does not request an increase in the commodity charges for coin-operated standpipes or filtered water dispensers. Ash Fork states that it requires the increase because it incurred a net loss of \$36,556 in its test year.

The Commission's Utilities Division Staff ("Staff) is in the process of auditing and analyzing Ash Fork's records and has not yet

made a recommendation regarding the rate application.

The Commission will determine the appropriate relief to be granted based on the evidence of record in the proceeding. The Commission is not bound by the proposals made by Ash Fork, Staff, or any interveners; therefore, the final rates approved may differ from the rates requested by Ash Fork.

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available at Ash Fork's offices [518 Lewis Ave.] and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning May 19, 2009, at 10:00 a.m., at the Commission's offices, Hearing Room #1, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-01004B-08-0508 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf e-mail comments to the Commission, go to: If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you desire to intervene, you must file a written motion to intervene with the Commission no later than March 27, 2009. You must send a copy of the motion to intervene to Ash Fork and to all parties of record. Your motion to intervene must contain the following:

Your name, address, and telephone number and the name, address, and telephone number of any party upon 1.

whom service of documents is to be made, if not yourself,

A short statement of your interest in the proceeding (e.g., a customer of Ash Fork, a shareholder of Ash Fork, etc.); 2. and

A statement certifying that you have mailed a copy of the motion to intervene to Ash Fork and to all 3.

parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before March 27, 2009. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at http://www.azcc.gov/divisions/utilities/forms/interven.pdf. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude and interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Linda Hogan, at L. Hogan@azcc.gov, voice phone number (602)542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

rder # 090026025-AZ-GTO No. NOTICE OF TRUSTEE'S

ust property will be sold, pursuant

nat certain Deed of Trust dated

007 as Instrument 3456792, Book

ne County Recorder of Coconing

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0 AM Sale Location: The main enourthouse, 200 N. San Francisco. n: LEGAL DESCR)PTION AT-I A PARCEL NO. 1/A PORTION WNSHIP 21 NOPTH, RANGE 9 RIVER BASE AND MERIDIAN. 1. BEING A PORTION OF THAT AS INSTRUMENT NO. 3200565, UNTY, ARIZONA, BEING MORE IS FOLLOWS: BEGINNING AT F SAID SECTION 15; THENCE IN THE OF SECTION 15 THE TOTAL PROPERTY OF THE TOTAL PR FEET TO THE E-E 1/16 CORN-THE SE-SE 1/16 COHN-ICE NORTH 00° 06' 21" WEST, A THE SE-SE 1/164 CORNER OF 24° 10' 55" EAST, A DISTANCE NT OF BEGINNING; THENCE ITANCE OF 930.92 FEET TO A ENCE SOUTH 89° 49' 40" EAST, ON 15, ADISTANCE OF 211.20 IR OF SECTIONS 14 AND 15; IT, ALONG THE WEST LINE OF 8.91 FEET TO THE SOUTH 1/16 15; THENCE SOUTH 89° 57' 18" SECTION 14, A DISTANCE OF '00' 00" WEST, A DISTANCE OF HE FOLLOWING DESCRIBED ET OF SECTION 13 AND 15, EAST OF THE GILA AND SALT DONING COUNTY, ARIZONA, IY 82 AND RUNNING WEST TO WEST LINE OF SAID SECTION
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OF THE SOUTHEAST OLDAR OF THE SOUTHEAST DUAR-OF THE SOUTHEAST QUAR-TER OF SECTION 15, TOWN-OF THE GILA AND SALT RIV-INO COUNTY ARIZONA; AND ITHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 21 GILA AND SALT RIVER BASE DUNTY, ARIZONA; Purported AD FI AGSTAFE AZ SEGNATOR AD FLAGSTAFF, AZ 86004 Tax Original Principal Balance: Current Beneficiary: Mortgage ic. C/O Aurora Loan Services ood, CO 80112 Name and Ad-EL THOMAS PALMER AND IND AND WIFE AS COMMUN-SURVIVORSHIP 4140 LOF-Name and Address of Trusporation c/o Quality Loan Serv-10, CA 92101 Phone: 619-645-Jin to: www.priorityposting.com istee qualifies to act as a truscapacity as a licensed Arizona to convey title for any reason, lusive remedy shall be the reind the successful bidder shall 12/2009 Quality Loan Service nt Vice President State of Cal-/2009 before me, A. Adams, a lim Montes, who proved to me to be the person(s) whose ithin instrument and acknowlled the same and his/her/their y his/her/their signature(s) on intity upon behalf of which the nent. I certify under penalty of I California that the foregoing S my hand and official coal &

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF ASH FORK DEVELOPMENT ASSOCIATION, INC., DBA ASH FORK WATER SERVICE, FOR APPROVAL OF A RATE ADJUSTMENT. (DOCKET No. W-010048-08-0508)

Summary

On October 1, 2008, Ash Fork Development Association, Inc., dba Ash Fork Water Service ("Ash Fork"), filed with the Arizona Corporation Commission ("Commission") a Rate Application requesting an increase in its current rates and charges. With this rate application, Ash Fork requests authorization to increase its rates to generate an additional \$36,221 in annual revenue, approximately a 12% increase over its reported 2007 test year total operating revenues of \$297,619. The rate application requests an increase in monthly minimum service charges, in commodity charges for metered customers, in the commodity charge for standpipe bulk water sales, in service line and meter installation charges, and in some service-related charges. The application does not request an increase in the commodity charges for coin-operated standpipes or filtered water dispensers. Ash Fork states that it requires the increase because it incurred a net loss of \$36,556 in its test year.

The Commission's Utilities Division Staff ("Staff) is in the process of auditing and analyzing Ash Fork's records and has not yet made

a recommendation regarding the rate application.

The Commission will determine the appropriate relief to be granted based on the evidence of record in the proceeding. The Commission is not bound by the proposals made by Ash Fork, Staff, or any interveners; therefore, the final rates approved may differ from the rates requested by Ash Fork.

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available at Ash Fork's offices [518 Lewis Ave.] and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information
The Commission will hold a hearing on this matter beginning May
19, 2009, at 10:00 a.m., at the Commission's offices, Hearing Room
#1, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public
comments may be submitted by mailing a letter referencing Docket
No. W-01004B-08-0508 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ
85007, or by e-mail. For a form to use and instructions on how to email comments to the Commission, go to: http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf

If you require assistance, you may contact the Consumer Services

Section at 1-800-222-7000 or 602-542-4251.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you desire to intervene, you must file a written motion to intervene with the Commission no later than March 27, 2009. You must send a copy of the motion to intervene to Ash Fork and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of any party upon whom service of

documents is to be made, if not yourself;

2. A short statement of your interest in the proceeding (e.g., a customer of Ash Fork, a shareholder of Ash Fork, etc.); and

3 A statement certifying that you have mailed a copy of the motion to intervene to Ash Fork and to all parties of record in the case. The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before March 27, 2009. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at http://www.azcc.gov/divisions/utilities/forms/interven.pdf. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude and interested person or entity from appearing at the hearing and providing public comment on the application or from fil-

ing written comments in the record of the case. ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Linda Hogan, at L.Hogan@azcc.gov, voice phone number (602)542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

2/25/2009 #19796

1/ :

Ashfork Water Services

P.O. Box 436

Ash Fork, AZ 86320

Project: Drinking Water Analysis

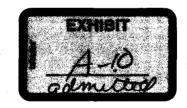
Project Number: 13-008
Project Manager: Lewis Hume





13-008 AFZ (POE #2 55-590-950) (8100019-01) Drinking Water (Grab) Sampled: 10/01/08 06:11 Received: 10/01/08

٠.	Analyte	Result	PQL	Units	Dilut	ion Batch	Prepared	Analyzed	Method	Notes
		Legend T	echnica	I Service	es of	Arizona,	Inc.			
	Total Metals									
	Antimony	<0.004	0.004	mg/L	1	B8J0134	10/03/08 14:55	10/16/08 19:06	EPA 200.9	
	Arsenic	0.010	0.002	mg/L	1	B8J0304	10/09/08 16:00	10/09/08 17:51	EPA 200.9	
	Barium	0.04	0.01	mg/L	1	B8J0140	10/03/08 11:00	10/03/08 15:09	EPA 200.7	
	Beryllium	<0.002	0.002	mg/L	- 1	B8J0140	10/03/08 11:00	10/03/08 15:09	EPA 200.7	
	Cadmium	<0.0002	0.0002	mg/L	1	B8J0444	10/14/08 10:52	10/14/08 10:55	EPA 200.9	
	Calcium	51	1	mg/L	1	B8J0140	10/03/08 11:00	10/03/08 15:09	EPA 200.7	
	Chromium	<0.005	0.005	mg/L	1	B8J0140	10/03/08 11:00	10/03/08 15:09	EPA 200.7	
	Copper	<0.010	0.010	mg/L	1	B8J0140	10/03/08 11:00	10/03/08 15:09	EPA 200.7	
	Lead	<0.002	0.002	mg/L	1	B8J0444	10/14/08 10:52	10/14/08 10:65	EPA 200.9	
	Magnesium	20	1	mg/L	1	B8J0140	10/03/08 11:00	10/07/08 09:02	EPA 200.7	
	Mercury	<0.0002	0.0002	mg/L	1	B8J0267	10/09/08 10:39	10/09/08 14:28	EPA 245.1	
	Nickel	<0.02	0.02	mg/L	1	B8J0140	10/03/08 11:00	10/03/08 15:09	EPA 200.7	
	Selenium	<0.002	0.002	mg/L	1	B8J0184	10/06/08 10:17	10/06/08 18:54	EPA 200.9	
	Sodium	52	2	mg/L	2	B8J0140	10/03/08 11:00	10/07/08 14:32	EPA 200.7	
	Thallium	<0.001	0.001	mg/L	1	B8J0088	10/03/08 10:33	10/10/08 13:54	EPA 200.9	
	Calcium Hardness	128	2	mg/L	1	[CALC]	10/03/08 11:00	10/03/08 15:09	SM 2340B	
	Magnesium Hardness	84	4	mg/L	- 1	[CALC]	10/03/08 11:00	10/07/08 09:02	SM 2340B	
	Total Hardness	212	7	mg/L	1	[CALC]	10/03/08 11:00	10/07/08 09:02	SM 2340B	
	Inorganic Chemistry									
	Total Alkalinity [(as CaCO3)]	171	10	mg/L	1	B8J0040	10/02/08 16:15	10/02/08 16:15	SM 2320 B	M2
	Cyanide, Total	<0.010	0.010	mg/L	1	B8J0097	10/03/08 15:00	10/03/08 15:00	SM 4500 CN E	
	Fluoride	0.29	0.10	mg/L	1	B8J0034	10/01/08 13:00	10/01/08 13:90	SM 4500 F C	
	Nitrate as N	2.94	0.20	mg/L	1	[CALC]	10/08/08 14:14	10/08/08 14:14	Calculation	
	Nitrate + Nitrite	2.94	0.20	mg/L	1.	B8J0254	10/08/08 14:14	10/98/08 14:14	SM 4500 NO3 F	
	Nitrite as N	<0.10	0.10	mg/L	1 .	B8J0036	10/01/08 13:00	10/01/08 13:00	SM 4500 NO2 B	
	pH	7.6		pH Units	1	B8J0041	10/01/08 17:00	10/01/08 17:00	SM 4500H B	H5
	Temperature	12.6		°C	1	B8J0041	10/01/08 17:00	10/01/08 17:00	pH Temperature	H5
	Sulfate	77.2	5.0	mg/L	1	B8J0074	10/02/08 11:00	10/02/08 11:00	EPA 300.0	
	Total Dissolved Solids	338	1	mg/L	1	B8J0111	10/03/08 09:30	10/03/08 09:30	SM 2540 C	



MEMORANDUM RECEIVED

EXHIBIT

Solve of the distribution of the dist

TO:

Docket Control

EA for EGÍ

2009 MAR 17 A 8: 13

FROM:

Ernest G. Johnson

Director

Utilities Division

AZ CORP COMMISSION DOCKET CONTROL

DATE:

March 16, 2009

RE:

STAFF REPORT FOR ASH FORK DEVELOPMENT ASSOCIATION, INC.

DBA ASH FORK WATER SERVICE'S APPLICATION FOR A PERMANENT

RATE INCREASE. (DOCKET NO. W-01004B-08-0508)

Attached is the Staff Report for Ash Fork Development Association, Inc. dba Ash Fork Water Service's application for a permanent rate increase. Staff recommends approval of a rate increase in accordance with Staff's recommendations.

Any party who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before March 26, 2009.

EGJ:MEM:red

Originator: Marvin E. Millsap

RECEIVED

MAR 1 7 2009

AFIZ CORPORATION COMMISSION

Service List for: Ash Fork Development, Inc. dba Ash Fork Water Service Docket No. W-01004B-08-0508

Mr. Lewis E. Hume, Manager Ash Fork Development, Inc. dba Ash Fork Water Service PO Box 436 Ash Fork, Arizona 86320

Ms. Lyn Farmer Chief Administrative Law Judge, Hearing Division Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

Ms. Janice Alward Chief Counsel, Legal Division Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

Mr. Ernest G. Johnson Director, Utilities Division Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

STAFF REPORT UTILITIES DIVISION ARIZONA CORPORATION COMMISSION

ASH FORK DEVELOPMENT ASSOCIATION, INC. DBA ASH FORK WATER SERVICE

DOCKET NO. W-01004B-08-0508

APPLICATION FOR A
PERMANENT RATE INCREASE

MARCH 16, 2009

STAFF ACKNOWLEDGMENT

The Staff Report for Ash Fork Development Association, Inc., dba Ash Fork Water Service, Docket No. W-01004B-08-0508, was the responsibility of the Staff members listed below. Marvin E. Millsap was responsible for the financial review and analysis of the Company's application. Jian Liu was responsible for the engineering and technical analysis. Deb Reagan was responsible for reviewing the Commission's records on customer complaints filed with the Commission.

Marvin E. Millsap

Public Utilities Analyst IV

Jian Liu

Utilities Engineer

Deb Reagan

Public Utilities Consumer Analyst

EXECUTIVE SUMMARY ASH FORK DEVELOPMENT ASSOCIATION, INC. DBA ASH FORK WATER SERVICE DOCKET NO. W-01004B-08-0508

Ash Fork Development Association, Inc., dba Ash Fork Water Service ("Ash Fork" or "Company") is a Class C water utility located in Yavapai County approximately 50 miles west of Flagstaff. Ash Fork provides potable water to approximately 502 metered customers in its certificated area.

Ash Fork proposes total operating revenue of \$333,840, an increase of \$36,221 or 12.17 percent above the Company's adjusted test year revenue of \$297,619. The Company's proposed rates would increase the typical 5/8 x 3/4-inch meter residential bill, with a median usage of 3,438 gallons, from \$22.52 to \$24.89; an increase of \$2.37 or 10.50 percent. The Company proposes an inverted, three-tier rate design. The Company's proposed rates actually produce operating revenue of \$331,727 based on Staff's bill analysis, which is \$2,113 less than its revenue requirement for operating revenue.

Staff recommends total operating revenue of \$333,840, an increase of \$36,221 or 12.17 percent above the test year revenue of \$297,619, which is the same as the Company's proposal. Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter residential bill, with a median usage of 3,438 gallons from \$22.52 to \$23.80; an increase of \$1.28 or 5.7 percent.

Staff further recommends approval of the Staff recommended rates and charges as shown on Schedule MEM-4.

Staff further recommends that Ash Fork continue to use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category.

Staff further recommends that Ash Fork monitor the water system closely and take action to ensure that lost water remains less than 10 percent in the future. If the water loss at any time before the next rate case is greater than 10 percent, the Company shall come up with a plan to reduce loss water to less than 10 percent, or prepare a report containing a detailed analysis and explanation demonstrating why a water loss reduction to 10 percent or less is not feasible or cost effective. Such a report shall be docketed in this case.

Staff further recommends that the Company file with Docket Control, as a compliance item in this Docket, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.

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Ash Fork Development Association, Inc., dba Ash Fork Water Service Docket No. W-01004B-08-0508 Page 1

FACT SHEET

Type of Ownership: Arizona "C" Corporation

Location: In Yavapai County about 50 miles west of Flagstaff, Arizona.

Rates: Permanent rate increase application filed October 1, 2008. The application became sufficient on October 31, 2008.

Current Rates: Decision No. 67158, dated August 1, 2004.

Metered Rates:

Based on Residential 5/8 x 3/4-inch meter	Company Current <u>Rates</u>	Company Proposed <u>Rates</u>	Staff Recommended <u>Rates</u>
Monthly Minimum Charge	\$11.00	\$12.00	\$12.00
Gallons in minimum	0	0	0
Per 1,000 gallons			
Tier One from 1 gallon to 6,000 gallons Tier Two from 6,001 gallons to 12,000 gallons Tier Three all gallons over 12,000	\$3.35 \$3.75 \$3.90	\$3.75 \$4.20 \$4.37	
Tier One from 1 gallon to 3,000 gallons Tier Two from 3,001 gallons to 6,000 gallons Tier Three all gallons over 6,000			\$3.35 \$4.00 \$4.66
Typical residential bill (based on median usage of 3,438 gallons)	\$22.52	\$24.89	\$23.80

Customers:

Number of metered customers in the current test year	243
Number of permanent standpipe accounts in the current test year	259

Current test year customers by meter size:

5/8 x ³ / ₄ -inch		213
1-inch		12
1-1/2 inch		0

Ash Fork Development Ass .ation, Inc., dba Ash Fork Water Servic Docket No. W-01004B-08-0508
Page 2

2-inch	16
3-inch turbo	2
Coin operated 2-inch	N/A
Coin operated Filter Machine	N/A
Card operated Standpipe	259

Complaints:

2006 and 2007 - No complaints or opinions.

2008 – One opinion in support of the proposed rate request.

2009 – No complaints or opinions.

Percentage of complaints to customer base: N/A

Notifications:

Customer notification was mailed on October 1, 2008.

SUMMARY OF RATE FILING

On October 1, 2008, Ash Fork Development Association, Inc., dba Ash Fork Water Service ("Ash Fork" or "Company"), filed a request for a permanent rate increase with the Arizona Corporation Commission ("Commission"). On October 31, 2008, the application was deemed sufficient by Utilities Division Staff ("Staff").

Based on test year results as adjusted by Staff, the Company had an operating income of \$93 and virtually no operating margin, as shown on Schedule MEM-1.

Ash Fork requested a revenue increase of \$36,221, from \$297,619 to \$333,840, which will result in an operating income of \$19,278, for a 5.77 percent operating margin. The Company proposes an original cost rate base ("OCRB") of \$2,813,388. The \$36,221 revenue increase request was noticed to the customers. The Company's proposed rates would increase the typical 5/8 x 3/4-inch meter residential bill with a median usage of 3,438 gallons from \$22.52 to \$24.89, for an increase of \$2.37 or 10.50 percent. The Company's proposed rates actually produce operating revenue of \$331,727 based on Staff's bill analysis, which is \$2,113 less than its revenue requirement for operating revenue.

Staff's recommended rates would produce operating revenue of \$333,840 and result in an operating income of \$36,314 for a 10.88 percent operating margin. Staff's recommended OCRB is \$792,447. Staff's recommended rates would increase the typical 5/8-inch meter residential

Ash Fork Development Association, Inc., dba Ash Fork Water Service Docket No. W-01004B-08-0508
Page 3

bill, with a median usage of 3,438 gallons from \$22.52 to \$23.80, for an increase of \$1.28 or 5.7 percent.

The Company utilized a test year ending December 31, 2007.

BACKGROUND

Ash Fork is an Arizona class C utility engaged in the business of providing potable water service. Ash Fork is a non-profit corporation not subject to the payment of Federal or State of Arizona income taxes. Ash Fork was granted a Certificate of Convenience and Necessity ("CC&N") to provide water service per Decision No. 5018, effective October 8, 1929.

CONSUMER SERVICES

A review of the Consumer Services Section database for the Company from January 1, 2006, through February 25, 2009, revealed that in 2006 and 2007 there were no complaints, inquiries or opinions. In 2008, there were no complaints or inquiries and the one opinion was in favor to the requested rate increase. In 2009, there have been no inquiries, complaints or opinions.

COMPLIANCE

The Utilities Division Compliance Section showed no outstanding compliance issues.

The Company is not within an Active Management Area and, thus, is not subject to the Arizona Department of Water Resources monitoring and reporting requirements for groundwater withdrawals.

Arizona Department of Environmental Quality reported that the Company's Public Water System #14003, had no deficiencies and is currently delivering water that meets the quality standards required by the Arizona Administrative Code, Title 18 Chapter 4.

The Corporations Division of the Commission indicates the Company is in good standing.

The Company has a certificate of good standing from the Arizona Department of Revenue ("ADOR"), dated August 13, 2008.

Staff has confirmed, through the Yavapai County Treasurer's Office, that as of December 31, 2007, the Company is current on its property taxes.

Ash Fork Development Association, Inc., dba Ash Fork Water Service Docket No. W-01004B-08-0508
Page 4

ENGINEERING ANALYSIS

The water system was visited on January 14, 2009, by Mr. Jian Liu, Staff Utilities Engineer, in the accompaniment of Mr. Lewis Hume of the Company. A complete discussion of Staff's technical findings and recommendations along with a complete description of the Company's water system is provided in the attached Engineering Report.

RATE BASE

As shown on Schedule MEM-2, page 1 of 3, Staff recommends a rate base of \$792,447. This represents a decrease of \$2,020,941 from the Company's proposed rate base of \$2,813,388, due to Staff's adjustments.

Plant-in-Service

Staff determined that an adjustment was required to remove the value of Plant Held For Future Use that the Company presented in Land and Land Rights and Wells and Springs. Plant Held For Future Use is considered not used and useful for the current rate case. Plant Held For Future Use consists of thirty-eight acres of land purchased in conjunction with the site for Well #2 and a dam and reservoir located in Coconino County received as a gift and valued at \$1,874,000 (\$1,855,000 for the reservoir and \$19,000 for the 38 acres of land). The dam and reservoir are on approximately 105 acres of land. The result is adjustment "A" on Schedule MEM-2, Page 2 of 3.

Staff also determined that the 2004 Wells and Springs additions of \$699,987 were understated by \$439,583 due to system improvements that were funded by a United States Department of Agriculture ("USDA") Rural Development grant of \$542,970 that did not get recorded properly in Ash Fork's accounting records. The result is adjustment "B" on Schedule MEM-2, Page 2 of 3, which reclassifies some of the amounts recorded in "Wells and Springs" to "Pumping Equipment", "Transmission and Distribution Mains" and other plant categories based on information furnished by the Company.

In adjustment "C", Staff reduced the amount of transportation equipment by \$13,401 after analysis indicated that this balance was over-stated. The balance was overstated because the original cost of the vehicles which Ash Fork confirmed that it owned was less than the amount reported in the application.

Accumulated depreciation was also determined to be overstated and reduced by \$9,440. The difference results from different rates used by Ash Fork in prior years and the previously unrecorded 2004 system improvements.

See Schedules MEM-2, page 2 of 3 and MEM-2, page 3 of 3.

OPERATING REVENUES

The Company's test year operating revenues were \$297,619. Staff concurs with the Company's revenue and used the same billing determinants for Staff's revenue determination and rate design process.

OPERATING EXPENSES

Staff's adjustments to operating expenses resulted in a decrease of \$17,036 from \$314,562 to \$297,526, as shown on Schedule MEM-3, page 1 of 2. The adjustments are explained below.

Repair and Maintenance Expense – Adjustment A decreased repair and maintenance expense by \$32,801 from \$77,070 to \$44,269, because of a pump replacement that should have been capitalized and to reflect a normalized test year expense level. Also included is \$8,375 to establish a tank painting reserve based on an historic eight-year painting cycle.

<u>Insurance Expense</u> – Adjustment B decreased insurance expense by \$1,116 from \$16,910 to \$15,794 to remove the cost of Officers' Life Insurance and reflect actual test year expenditures.

Outside Services Expense – Adjustment C decreased outside services expense by \$696 from \$2,920 to \$2,224 to remove payments related to plant held for future use. Proper rate making principles indicate that current ratepayers should not pay for property that is not currently used and useful.

<u>Rents</u> – Adjustment D decreased rent expense by \$2,200 from \$4,840 to \$2,640 to remove payments to maintain property held for future use. Proper rate making principles indicate that current ratepayers should not pay for property that is not currently used and useful.

<u>Depreciation</u> – Adjustment E increased depreciation expense by \$19,777 from \$53,557 to \$73,334 to reflect the increase in 2004 plant not previously recorded. The adjustment also includes a reduction caused by amortization of the USDA grant for the 2004 construction of system improvements - \$25,140 for the test year. The unadjusted depreciation expense was \$98,474, as computed by Staff. Ash Fork did not use depreciation rates by individual National Association of Regulatory Utility Commissioners category as ordered in Decision No. 67158, which also creates a difference between Staff and the Company. The composite depreciation rate used by Staff to calculate amortization of the grant, which is considered a contribution-in-aid-of-construction ("CIAC"), was 4.63 percent.

Ash Fork Development Association, Inc., dba Ash Fork Water Service Docket No. W-01004B-08-0508
Page 6

REVENUE REQUIREMENT

The Company's proposed operating revenue of \$333,840 would provide an operating income of \$19,278 and a resulting 5.77 percent operating margin.

Staff's recommended operating revenue of \$333,840 and adjustments would provide an operating income of \$36,314 and a resulting 10.88 percent operating margin.

Since the Company is a non-profit corporation, Staff determined that a rate of return on rate base would not be appropriate. Staff calculated an appropriate operating margin.

RATE DESIGN

The Company's proposed rates would increase the typical 5/8-inch meter residential bill with a median usage of 3,438 gallons from \$22.52 to \$24.89, for an increase of \$2.37 or 10.5 percent. Ash Fork proposes an inverted tier rate design that consists of three tiers with the first tier break-over point at 6,000 gallons of usage.

Staff's recommended rates would increase the typical 5/8-inch meter residential bill with a median usage of 3,438 gallons from \$22.52 to \$23.80, for an increase of \$1.28 or 5.7 percent. Staff recommends an inverted tier rate design that consists of three tiers for residential customers. The first tier break-over point is at 3,000 gallons, an estimate of non-discretionary use. The second tier break-over point is at 6,000 gallons, a reflection of the average usage of 5,919 gallons. Staff's recommended commercial commodity rate tiers are the same for all meter sizes: \$4.00 per thousand gallons for first 6,000 gallons, and \$4.66 per thousand gallons for any consumption over the first tier.

Staff concurs with the Company's proposed "other service charges." Staff's recommended service line and meter installation charges are presented on Schedule MEM-4.

STAFF RECOMMENDATIONS

Staff recommends approval of its rates and charges as shown in Schedule MEM-4. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales, or use tax as provided for in A.A.C. R14-2-409.D.

Staff further recommends the Company file with Docket Control, as a compliance item in this Docket, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.

Staff further recommends that the Company continue to use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category, on a going forward basis.

Ash Fork Development Association, Inc., dba Ash Fork Water Service Docket No. W-01004B-08-0508
Page 7

Staff further recommends that the Company monitor the water system closely and take action to ensure that lost water remains less than 10 percent in the future. If the water loss at any time before the next rate case is greater than 10 percent, the Company shall come up with a plan to reduce loss water to less than 10 percent, or prepare a report containing a detailed analysis and explanation demonstrating why a water loss reduction to 10 percent or less is not feasible or cost effective. Such a report shall be docketed in this case.

Docket No. W-01004B-08-0508 Test Year Ended December 31, 2007

SUMMARY OF FILING

	Present	t Rates	Propose	Proposed Rates			
	Company	Staff	Company	Staff			
	as	as	as	as			
	Filed	Adjusted	Filed	Adjusted			
Revenues:							
Water Sales	\$291,623	\$291,623	\$327,844	\$327,844			
Other Operating Revenue	5,996	5,996	5,996	5,996			
Total Operating Revenue	\$297,619	\$297,619	\$333,840	\$333,840			
Operating Expenses:							
Operation and Maintenance	\$235,400	\$198,587	\$235,400	\$198,587			
Depreciation Towns of the second	53,557	73,334	53,557	73,334			
Taxes Other than Income	25,605	25,605	25,605	25,605			
Income Tax		U	U	U			
Total Operating Expense	\$314,562	\$297,526	\$314,562	\$297,526			
Operating Income/(Loss)	(\$16,943)	\$93	\$19,278	\$36,314			
Rate Base O.C.L.D.	\$2,813,388	\$792,447	\$2,813,388	\$792,447			
Rate of Return - O.C.L.D.	N/A	N/A	0.69%	4.58%			
Nate of Netalli C.O.E.D.			0.0370	4.0070			
OPERATING MARGIN	N/A	0.03%	5.77%	10.88%			

NOTE: 1. Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

Ash Fork Development Association dba Ash Fork Water Service

Docket No. W-01004B-08-0508 Test Year Ended December 31, 2007

Schedule MEM-2 Page 1 of 3

	RATE BASE			
	Origina	al Cost ————		
	Company	Adjustment		Staff
Plant in Service	\$3,690,192	(\$1,575,399)	Α	\$2,114,793
Less: Accum, Depreciation	857,317	(0.440)	В	047 077
		(9,440)	Б .	847,877
Net Plant	\$2,832,875	(\$1,565,959)		\$1,266,916
Less:				
Plant Advances	\$2,929	\$0		\$2,929
Customer Meter Deposits	16,558	0		16,558
Total Advances	\$19,487	\$0		\$19,487
Contributions Gross Less:	\$0	\$542,970	C	\$542,970
Amortization of CIAC	0	87,988	С	87,988
Net CIAC	\$0	\$454,982		\$454,982
Total Deductions	\$19,487	\$454,982		\$474,469
Plus:				
1/24 Power	\$0	\$0		\$0
1/8 Operation & Maint.	0	0		, . , 0 .
Inventory	0	0		0
Prepayments	0	0		0
Total Additions	\$0	\$0		\$0
Rate Base	\$2,813,388	(\$2,020,941)		\$792,447

Explanation of Adjustment:

- A Please see Schedule MEM-2, Page 2 of 3.
- B Please see Schedule MEM-2, Page 3 of 3.
- C To record the USDA Rural Development grant of \$542,970 received for plant construction in 2004 less accumulated amortization of \$87,988 at the end of the test year.

PLANT ADJUSTMENT

	Company Exhibit	Adjustment		Staff Adjusted
301 Intangibles	\$0	\$0		\$0
303 Land & Land Rights	1,909,443	(1,854,000)	a	55,443
304 Structures & Improvements	54,477	31,648	b	86,125
307 Wells & Springs	912,310	(403,611)	b	508,699
311 Pumping Equipment	48,138	229,275	b	277,413
320 Water Treatment Equipment	47,218	16,919	b	64,137
330 Distribution Reservoirs	107,780	0		107,780
331 Trans & Dist Mains	422,674	359,669	b	782,343
333 Services	0	7,434	b	7,434
334 Meters	15,411	2,789	b	18,200
335 Hydrants	. 0	6,095	b	6,095
340 Office Furniture & Fixtures	26,023	0		26,023
341 Transportation Equipment	42,765	(13,401)	С	29,364
343 Tools & Work Equipment	23,555	, o		23,555
345 Power Operated Equipment	0	0		0
346 Communications Equipment	48,852	ō		48,852
348 Other Tangible Plant	31,546	41,784	b	73,330
105 C.W.I.P.	0	0	-	0
				
TOTALS	\$3,690,192	(\$1,575,399)	Α	\$2,114,793

- a To reclassify to "plant held for future use" 38 acres associated with Well #2 and a dam which forms a 105 acre reservoir in Coconino County.
- b To record the acquisition of Well #2 and system improvements in 2004 at the correct amounts and in the proper NARUC Accounts.
- c To reduce the balance of Transportation Equipment to reflect the three vehicles currently owned by Ash Fork.

Ash Fork Development Association dba Ash Fork Water Service

Docket No. W-01004B-08-0508 Test Year Ended December 31, 2007

Schedule MEM-2 Page 3 of 3

ACCUMULATED DEPRECIATION ADJUSTMENT

Amount

Accumulated Depreciation - Per Company Accumulated Depreciation - Per Staff

\$857,317 847,877

(\$9,440) B

Total Adjustment

Explanation:

To reduce the balance in accumulated depreciation due to retirements not recorded and different depreciation rates being used in prior years.

Test Year Ended December 31, 2007

STATEMENT OF OPERATING INCOME

2014-71016-11-12-12-12-12-12-12-12-12-12-12-12-12-			
	Company Exhibit	Staff Adjustments	Staff Adjusted
Revenues:		7 10,000	/ tajuotou
Water Sales	\$291,623	\$0	\$291,623
Other Operating Revenue	5,996	0	5,996
Total Operating Revenue	\$297,619	\$0	\$297,619
Operating Expenses:			
Purchased Pumping Power	\$34,782	\$0	\$34,782
Purchased Water	0	0	0
Salaries and Wages	87,758	0	87,758
Repair and Maintenance	77,070	(32,801) A	44,269
Water Testing	2,690	0	2,690
Chemicals	0	0	0
Transportation Expense	4,043	0	4,043
Office Supplies & Expense	962	0	962
Insurance	16,910	(1,116) B	15,794
Outside Services	2,920	(696) C	2,224
Rents	4,840	(2,200) D	2,640
Depreciation	53,557	19,777 E	73,334
Property Tax	18,593	0	18,593
Taxes Other Than Income	7,012	0	7,012
Income Taxes	0	0	0
Miscellaneous Expense	3,425	0	3,425
Total Operating Expenses	\$314,562	(\$17,036)	\$297,526
OPERATING INCOME/(LOSS)	(\$16,943)	\$17,036	\$93
Other Income/(Expense):			
Interest Income	\$5,608	\$0	\$5,608
Other Income	3,822	φ0 0	3,822
Interest Expense	23,289	0	23,289
Other Expense	5,754	0	5,754
		_	<u> </u>
Total Other Income/(Expense)	(\$19,613)	\$0	(\$19,613)
NET INCOME/(LOSS)	(\$36,556)	\$17,036	(\$19,520)

Ash Fork Development Association dba Ash Fork Water Service

Docket No. W-01004B-08-0508 Test Year Ended December 31, 2007

Schedule MEM-3 Page 2 of 2

STAFF ADJUSTMENTS

A -	REPAIRS AND MAINTENANCE - Per Company Per Staff	\$77,070 44,269	(\$32,801)
	Staff reduction due to reclassification of pump replace Also to increase \$8,375 to establish a tank painting reyear painting cycle.	ement and then to eserve based on a	normalize. n eight
В -	INSURANCE - Per Company Per Staff	\$16,910 15,794	(\$1,116)
	Staff reduction due to disallowance of officer's life insactual test year expenses.	urance premiums	and reflect
C -	OUTSIDE SERVICES - Per Company Per Staff	\$2,920 2,224	(\$696)
	Staff reduction due to dam inspection fee related to place accounting charge that was for 2006 but paid in the te		use and an
D -	RENTS - Per Company Per Staff	\$4,840 2,640	(\$2,200)
	Staff reduction due to Dozer work on dam and road w	hich is plant held f	or future use.
E -	DEPRECIATION - Per Company Per Staff	\$53,557 73,334	\$19,777
	Staff increase resulting from recording of 2004 improv	vements net of am	ortization

Staff increase resulting from recording of 2004 improvements net of amortization of CIAC (\$25,140) in the form of a USDA grant.

					RAT	E DESIGN		
Line							i i	
No,				Present	- C	ompany		Staff
1	Monthly Minimum			Rates	. P	roposed	Re	commended
2	5/8 x 3/4-inch Meter		\$	11.00	\$	12.00	\$	12.00
3	3/4-inch Meter		: \$	11.00	- \$	12.00	Ś	12.00
4	1-inch Meter		\$	16.00	\$	18.00	\$	18.00
. 5	11/2-inch Meter		- 5	22.00	\$ \$ \$	24.00	\$	24.00
6	2-inch Meter		Š	30.00	\$	35.00	Š	35.00
7	3-inch Meter	and the second second second	\$	50.00	\$	55.00	Š	55.00
8	4-inch Meter		5	90.00	\$	100.00	Š	100.00
9	6-inch Meter		Š	100.00	Ś	120.00	Š	120.00
10			•			,,	•	.20.00
11	Gallons in the Minimum							
12						Carlotte Control		
13	Commodity Rates				Per 1	000 Gallons		
14	Residential - All Meter Sizes	Block				oro Canono		
15	1100000111111	0 - 6.000 Gallons	\$	3.35	5	3.75		N/A
16		6.001 - 12.000 Gations	Š	3.75	Š	4.20		NA
17		Over 12,000 Gallons	Š	3.90	š	4.37		NA
18		0 - 3.000 Gallons	•	N/A	-	N/A		3.35
19		3,001 - 6,000 Galions		NA		NA	\$	4.00
20		Over 12,000 Gallons		N/A		NA	Š	4.66
21	Commercial - All Meter Sizes	010. 12,000 001013		180		140	Ψ	7.00
22	Continue ciar - 741 Mictor Cices	0 - 6,000 Gallons	\$	3.35	\$	3.75		N/A
23		6.001 - 12.000 Gallons	š	3.75	š	4.20		N/A
24		Over 12,000 Gallons	š	3.90	š	4.37		N/A
25		0 -6,000 Gallons	•	0.50	•	4.57	\$	4.00
26		Over 6.000 Gallons					Š	4.66
27		0.01 0,000 00110110					•	4.00
28	Standpipe/Bulk	Per 1,000 Gations	5	8.00	S	9.200	s	9.20
29	CKENCPIPO DUIK	, a,aaa aanana	•	0.00	•	0.200	•	3.20
30	Coin Operated Standpipe	Per 25 Gallons	\$	0.25	s	0.250	\$	0.25
31	CONT. OPPORTOR OFFICE OFFICE		. •	0.20	•	0.200	•	0,20
32	Filtered Water Dispenser	Per Gallon	5	0.25	\$	0.25	S	0.25
33	- morea viator properties:	,	•		•	0.20	•	0.20
34	Monthly Service Charge for Fire Sprinkler							
35	4-inch or Smaller Meter			****		****		****
	6-inch Meter		•	****		****		****
37		•		****		****		****
38	10-inch Meter			****		****		****
	Larger than 10-inch Meter			****		****		****
40	Larger user re-months (e)							
70								

4U								
41	1.00% of the monthy minimum for a comparable sized meter connection by	ut no less than \$5.	00 per mont	h.				
42	The service charge for fire sprinklers is only applicable for service lines se	parate and distinct	from the pri	mary				
43	water service line.							
44								
45		Pre	esent	С	ompany		Staff	
46	Service Charges	Rates		P	roposed	Rec	ommended	
47	Establishment of Service:							
48	Regular Hours	\$	15.00	\$	20.00	\$	20.00	
49	After Hours	\$	20.00	\$	24.00	\$	24.00	
50	Re-establishment of Service within 12 Months:							
51	Monthly Minimum times Months Disconnected							
52	From the Water System [Per ACC Rule 14-2-403(D)]				•		•	
53	Reconnection of Service (Delinquent):		-					
54	Regular Hours	\$	15.00	\$	15.00	\$	15.00	
55	After Hours	\$	15.00	\$	24.00	\$	24.00	
56	Water Meter Test (If Correct)	\$	10.00	\$	40.00	\$	40.00	
57	Meter Re-Read (If Correct)	\$	10.00	\$	10.00	\$	10.00	
58	NSF Check Charge	\$	15.00	\$	15.00	\$	15.00	
59	Late Fee Charge	1.5%	Per Mon	1.59	% Per Month	1.5	% Per Month	
60	Deposit Requirements Residential				**		**	
61	Deposit Requirements Non-Residential		**		**		•••	
62	Deposit Interest		6%					
63								
64								
65	" [Per ACC Rule 14-2-403(B)]							

" [Per ACC Rule 14-2-403(B)]

64 65	" [Per ACC Rule 14-2-403(B)]										
66 67	Interest per [Per ACC Rule 14-2-403(B)]										
68 69											
70									Staff		
71							Staff	Re	commended		Staff
72			Total		Total	Red	commended		Meter		Total
73			Present	1	Proposed		ervice Line	li	nstallation	Re	commended
74			Charge		Charge		Charge		Charge		Charge
	Meter and Service Line Installation Charges	_	040.00	_	050.00	_		_		_	
76 77	5/8 x 3/4-inch Meter 3/4-inch Meter	à	216.00 270.00	\$ \$	350.00 350.00	\$	280.00 280.00	\$	70.00	\$	350.00
77 78	1-inch Meter	9	306.00	4	420.00	ė,	290.00	à	70.00 130.00	è	350.00 420.00
71	11/2-inch Meter	\$	546.00	Š	900.00	Š	470,00	. 4	430.00	4	900.00
	2-inch Meter	š	780.00	š	1.340.00	Š	600.00	Š	740.00	Š	1.340.00
	3-inch Meter	Š	900.00	š	2,100.00	Š	810.00	š	1,290.00	š	2,100.00
74	4-inch Meter	\$	1,020.00	\$	2,800.00	\$	1,000,00	\$	1,800,00	Š	2,800,00
75	6-inch Meter	\$	1,140.00	\$	3,600.00	\$	1,100.00	\$	2,500.00	\$	3,600.00
76						· 1					
77											
	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILIT					OMER	S A PROPORT	IONA	ATE SHARE		
	OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMM	SS	SION RULE 14	-2-40)9D(5).						
80	ALL ADVANCES AND/OD CONTRIBUTIONS ARE TO INCLUDE LABOR		ATERIALS OF		15450 AND		001 10 4 DI E TA	V=0			
	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.	IVI.	A I ERIALS, U	VERI	TEAUS, AND	ALL A	PPLICABLE IA	XES.	INCLUDING		

81 ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING 82 ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE. 83

TYPICAL BILL ANALYSIS

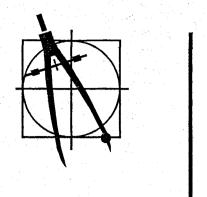
General Service - 3/4 Inch Meter

Average Number of Customers: 204

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,919	\$30.83	\$34.20	\$3.37	10.9%
Median Usage	3,438	\$22.52	\$24.89	\$2.37	10.5%
Staff Proposed					
Average Usage	5,919	\$30.83	\$33.73	\$2.90	9.4%
Median Usage	3,438	\$22,52	\$23.80	\$1,28	5.7%

Present & Proposed Rates (Without Taxes) General Service - 3/4 Inch Meter

		Company		Staff	
Gallons	Present	Proposed	%	Proposed	%
Consumption	<u>Rates</u>	<u>Rates</u>	Increase	Rates	<u>Increase</u>
•					
0	\$11.00	\$12.00	9.1%	\$12.00	9.1%
1,000	14.35	15.75	9.8%	15.35	7.0%
2,000	17.70	19.50	10.2%	18.70	5.6%
3,000	21.05	23.25	10.5%	22,05	4.8%
4,000	24.40	27.00	10.7%	26.05	6.8%
5,000	27.75	30.75	10.8%	30.05	8.3%
6,000	31.10	34.50	10.9%	34.05	9.5%
7,000	34.85	38.70	11.0%	38,70	11.0%
8,000	38.60	42.90	11.1%	43.35	12.3%
9,000	42.35	47.10	11.2%	48.00	13.3%
10,000	46.10	51.30	11.3%	52.65	14.2%
15,000	65.30	72.81	11.5%	75.90	16.2%
20,000	84.80	94.66	11.6%	99.15	16.9%
25,000	104.30	116.51	11.7%	122.40	17.4%
50,000	201.80	225.76	11.9%	238.65	18.3%
75,000	299.30	335.01	11.9%	354.90	18.6%
100,000	396.80	444.26	12.0%	471.15	18.7%
125,000	494.30	553.51	12.0%	587.40	18.8%
150,000	591.80	662.76	12.0%	703.65	18.9%
175,000	689.30	772.01	12.0%	819.90	18.9%
200,000	786.80	881.26	12.0%	936,15	19.0%



Engineering Report for: Ash Fork Development Association, Inc for a Rate Increase Docket No. W-01004B-08-0508

By: Jian W Liu Utilities Engineer

February 27, 2009

EXECUTIVE SUMMARY

CONCLUSIONS:

- 1. The Company is not located in any Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements.
- 2. Staff received an ADWR compliance status report in October 2008, ADWR reported that it has determined that Ash Fork is currently in compliance with departmental requirements governing water providers and/or community water systems.
- 3. ADEQ reported that the Ash Fork drinking water system (PWS Number13-008) is in compliance with regulatory agency requirements and is currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.
- 4. A check with the Utilities Division Compliance Section on February 11, 2009, showed no delinquent compliance items for the Company.
- 5. Ash Fork has a curtailment plan filed with the ACC.
- 6. The existing water system has adequate well production and storage capacity to serve the existing connections and reasonable growth.

RECOMMENDATIONS

- 1. Staff recommends an average annual cost of \$2,690 be adopted for the water testing expense in this proceeding.
- 2. Staff recommends that the Ash Fork use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category.

- 3. Ash Fork has 9.46 percent lost water which is within acceptable limits. However, Staff recommends that the Company monitor the water system closely and take action to ensure that lost water remains less than 10 percent in the future. If the water loss at any time before the next rate case is greater than 10 percent, the Company shall come up with a plan to reduce loss water to less than 10 percent, or prepare a report containing a detailed analysis and explanation demonstrating why a water loss reduction to 10 percent or less is not feasible or cost effective. Such a report shall be docketed in this case.
- 4. Staff recommends that the Company charge separate service line and meter installation charges. The separate service line charges and meter charges recommended by Staff are listed in Table J-1.

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A. LOCATION OF ASH FORK DEVELOPMENT ASSOCIATION ("ASH FORK" OR "COMPANY")

Ash Fork is located approximately 20 miles west of Williams on Interstate 40 in Yavapai County, Arizona. Figure A-1 shows the location of Ash Fork within Yavapai County and Figure A-2 shows the certificated area.

B. DESCRIPTION OF WATER SYSTEM

Ash Fork's Certificate of Convenience and Necessity includes an area totaling approximately 1.5 square miles. As of December 31, 2007, there were 502 water customers including 243 metered customers, and 259 standpipe customers. The water system was field inspected on January 14, 2009, by Jian W. Liu, Staff Utilities Engineer, in the accompaniment of Lewis Hume, Operator and Manager for the Company.

The Ash Fork water system (PWS#13-008) consists of two wells, two water storage tanks with a total storage capacity of 1,000,000 gallons, and a distribution system. A system schematic is shown in Figure B-1. Detailed plant facility descriptions follow:

Table 1 Well Data

Well Number	ADWR ID No.	Pump HP	Pump GPM	Casing Size(in) & Depth(ft)	Meter Size(in)	Year Drilled
1	55-604624	75	155	12 and 1700	4	1975
2	55-590950	60	130	12-9.5 and 1302	6	2002

Note: GPM = gallons per minute.

Table 2 Storage Tanks

Capacity (Gallons)	Quantity (Each)	Location
500,000	2	Near HWY 89
Totals: 1,000,000		

Table 3 Water Mains

Diameter (inch)	Material	Length (ft)
2	PVC	1,790
2	Steel	8,281
4	PVC	11,296
6	PVC	15,000
8	PVC	719

Table 4 Customer Meters

Size	Quantity
5/8 x 3/4-inch	213
3/4-inch	
1- inch	12
1-1/2-inch	
2-inch	16
Turbo 3	2
Turbo 4	
Turbo 6	

Table 5 Fire Hydrants

Size	Quantity
Standard	3
Other	

Water System Analysis

The existing water system has adequate well production and storage capacity to serve the existing connections and reasonable growth.

C. WATER USE

Water Sold

Based on the information provided by Ash Fork, water use for the test year is presented in Figure C-1. Customer consumption experienced a high monthly average water use of 297 gallons per

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Page 3

day ("GPD") per connection and a low monthly average water use of 161 GPD per connection for an average annual use of 223 GPD per connection.

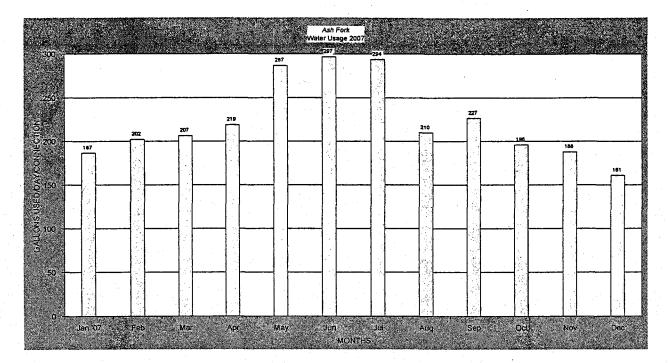


Figure C-1. Water Use

Non-Account Water

Non-account water should be 10% or less. The Ash Fork reported that the water pumped in 2007 was 45.337 million gallons ("MG"), and water sold was 41.050 MG. Therefore, the Company's water loss during the test year was approximately 9.46%.

Because Ash Fork's water loss is near 10%, Staff recommends that the Company monitor the water system closely and take action to ensure that lost water remains less than 10 percent in the future. If the water loss at any time before the next rate case is greater than 10 percent, the Company shall come up with a plan to reduce loss water to less than 10 percent, or prepare a report containing a detailed analysis and explanation demonstrating why a water loss reduction to 10 percent or less is not feasible or cost effective. Such a report shall be docketed in this case.

D. GROWTH

Figure D-1 details the customer growth using linear regression analysis. The number of service connections was obtained from annual reports submitted to the Commission. During the test year, the Company had 502 customers and it is projected that the Company could have approximately 550 customers by 2012.

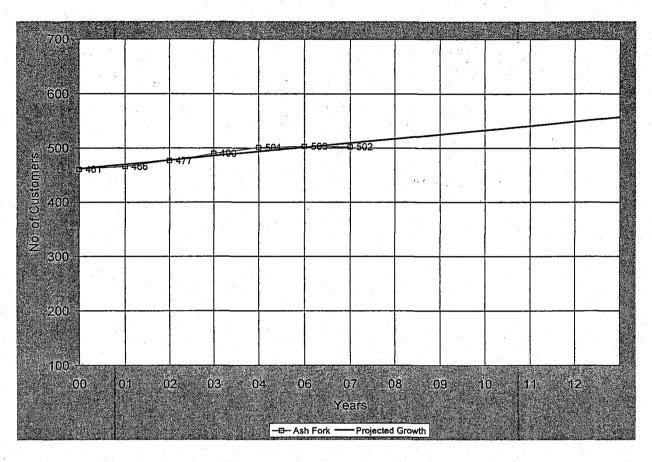


Figure D-1 Projected Growth

E. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Compliance

ADEQ reported that the Ash Fork drinking water system (PWS #13-008) is in compliance with regulatory agency requirements and is currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4. (ADEQ compliance report dated February 20, 2009).

Water Testing Expense

The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP"). Starting January 1, 2002, water companies paid a fixed \$250 per year fee, plus an additional fee of \$2.57 per service connection, regardless of meter size for participation in MAP. Participation in the MAP program is mandatory for water systems, which serve less than 10,000 persons (approximately 3,300 service connections).

Ash Fork Development Association, Inc. Docket No. W-01004B-08-0508
Page 5

The Company reported its water testing expense at \$2,690 during the test year. Table A shows Staff's annual monitoring expense estimated at \$2,542 with participation in the MAP. Staff recommends acceptance of the Company's annual water testing expense of \$2,690 for purposes of this application.

Table A Water Testing Expense

Monitoring PWS#13-008 for 2 wells (Tests per 3 years, unless noted.)	Cost per test	No. of tests per 3 years	Total 3 year cost	Annual Cost
Total Coliform – monthly	\$ 17.5	72	1260	\$420
Inorganics (& secondary)	\$240	2	\$480	\$160
Radiochemical – (1/4 yrs)	MAP			MAP
IOC's, SOC's, VOC's				MAP
Nitrates – annual	\$40	6	\$240	\$80
Nitrites	MAP			MAP
Asbestos – per 9 years	MAP			MAP
Lead & Copper – annual	\$50	60	\$3,000	\$1,000
MAP fees (annual)				\$882
Total				\$2,542

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is not located in any Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements.

Staff received an ADWR compliance status report in October 2008, ADWR reported that it has determined that Ash Fork is currently in compliance with departmental requirements governing water providers and/or community water systems.

G. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.¹

¹ Compliance status report dated on February 11, 2009.

H. DEPRECIATION RATES

In recent orders, the Commission has been shifting away from the use of composite rates in favor of individual depreciation rates by National Association of Regulatory Utility Commissioners ("NARUC") category. (For example, a uniform 2.50% composite rate would not really be appropriate for either vehicles or transmission mains and instead, different specific retirement rates should be used.)

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table H-1 and it is recommended that the Ash Fork use these depreciation rates by individual NARUC category.

I. CURTAILMENT PLAN TARIFF

Ash Fork has a curtailment plan filed with the ACC.

J. SERVICE LINE AND METER INSTALLATION CHARGES

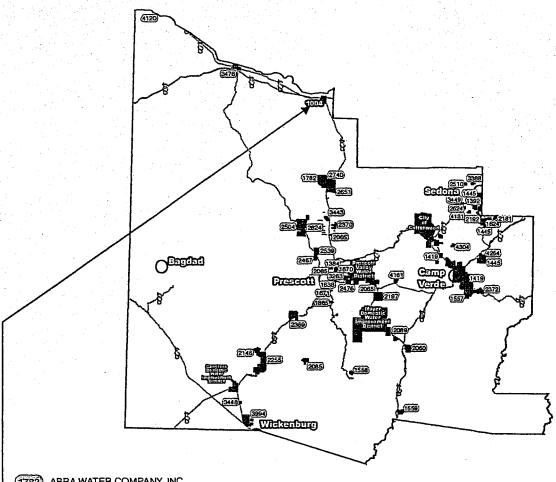
The Company has requested to change its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are below Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the Company charge separate service line and meter installation charges. The separate service line charges and meter charges recommended by Staff and listed in Table J-1 equal the Company's total proposed charge.

Table J-1. Service Line and Meter Installation Charges

Meter Sizes	Current Charges	Company Proposed Charges	Staff recommended Service Line Charges	Staff recommended * Meter Charges	Staff recommended Total Charges
5/8" x 3/4"	216	350	280	70	350
3/4"	270	350	280	70	350
1"	306	420	290	130	420
1-1/2"	546	900	470	430	900
2"	780	1,340	600	740	1,340
3"	900	2,100	810	1290	2,100
4"	1020	2,800	1,000	1,800	2,800
6"	1140	3,600	1,100	2,500	3,600

*Note: Meter charge includes meter box or vault.

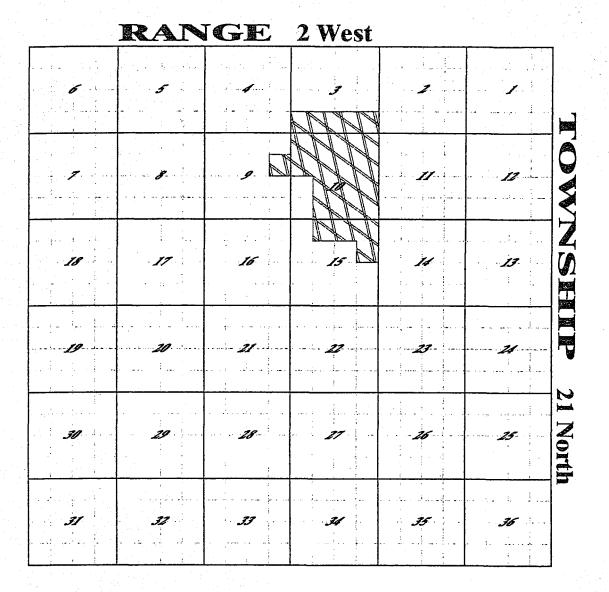
y lyapai county



- (1782) ABRA WATER COMPANY, INC.
- ANTELOPE LAKES WATER COMPANY
- 3443) APPALOOSA WATER COMPANY
- 1445) ARIZONA WATER COMPANY
- 1004 ASHFORK DEVELOPMENT ASSOCIATION, INC.
- (3476) BN LEASING CORPORATION
- 1624) BIG PARK WATER COMPANY
- 2510) BOYNTON CANYON ENCHANTMENT HOMEOWNERS ASSOC.
- 2089) BRADSHAW MOUNTAIN VIEW WATER COMPANY
- 2476) BRADSHAW WATER COMPANY, INC.
- (1419) CAMP VERDE WATER SYSTEM
- 3994) CDC WICKENBURG WATER, LLC
- 2370) CHINO MEADOWS II WATER COMPANY, INC.
- (1559) COLDWATER CANYON WATER COMPANY
- (2060) CORDES LAKES WATER COMPANY
- 4131 CROSS CREEK RANCH WATER COMPANY
- 1558) CROWN KING WATER COMPANY, INC.
- (1384) DELL'S WATER COMPANY, INC.
- 3263) DIAMOND VALLEY WATER USERS ASSOCIATION
- (4120) GRAND CANYON CAVERNS AND INN, LLC
- (1670) GRANITE DELLS WATER COMPANY
- 2467 GRANITE MOUNTAIN WATER COMPANY, INC.
- GRANITE OAKS WATER USERS ASSOCIATION
- (865) GROOM CREEK WATER USERS ASSOCIATION

- (1638) HOLIDAY HILLS WATER COMPANY
- (2197) HUMBOLDT WATER SYSTEM, INC.
- ICR WATER USERS ASSOCIATION
- MICHAELS RANCH WATER USERS' ASSOCIATION
- JUNIPER WELLS WATER COMPANY
- (1557) LAKE VERDE WATER COMPANY
- 2192) LITTLE PARK WATER COMPANY, INC.
- (2245) LOMA ESTATES WATER COMPANY
- MEADOW WATER COMPANY (2504)
- (4254) MONTEZUMA RIMROCK WATER COMPANY, LLC
- (4304) OAK CREEK PUBLIC SERVICE, LLC
- OAK CREEK WATER COMPANY NO. 1
- PEEPLES VALLEY WATER COMPANY
- 2181 PINE VALLEY WATER COMPANY
- RAINBOW PARKS, INC. (3448)
- SEDONA VENTURE (MHC OPERATING LTD PARTNERSHIP)
- SEVEN CANYONS WATER COMPANY.
- (1671) SHERMAN PINES WATER COMPANY
- 2372) VERDE LAKES WATER CORPORATION
- (2369) WALDEN MEADOWS COMMUNITY COOPERATIVE
- (4161) WHITE HORSE RANCH OWNERS ASSOCIATION, INC.
- (2065) WILHOIT WATER COMPANY, INC.
- (2255) YARNELL WATER IMPROVEMENT ASSOCIATION

COUNTY: Yavapai



W-1004 (1) Ash Fork Water Service

Figure A-2: Certificated Area

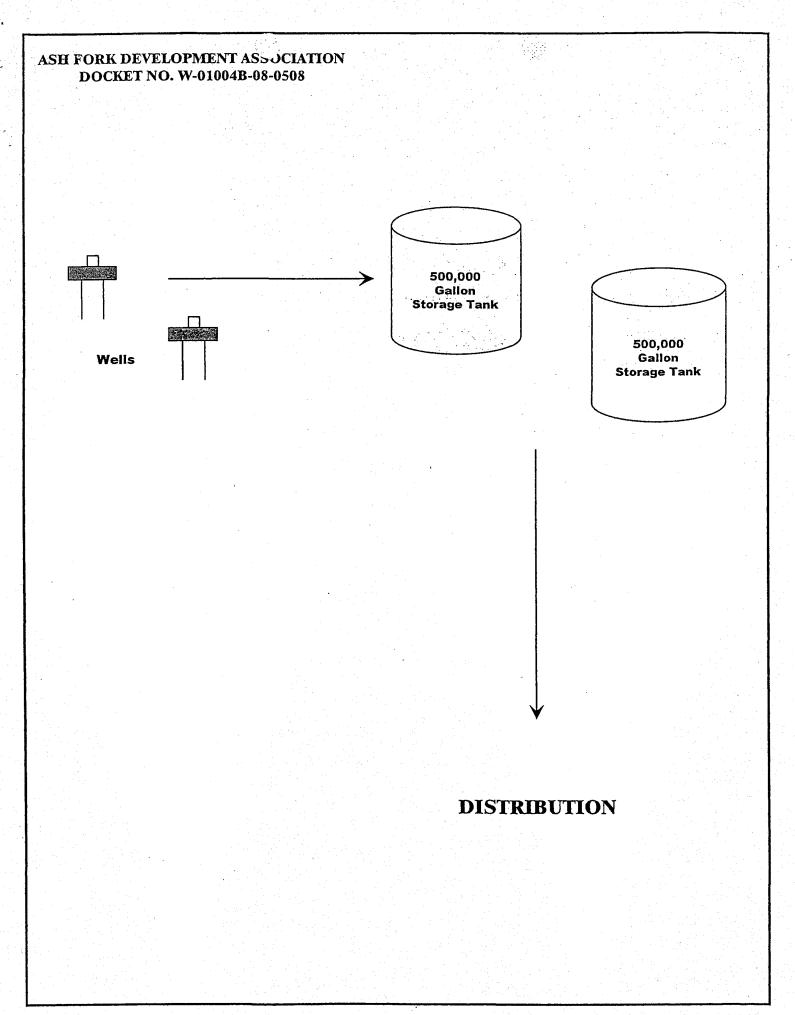


Figure B1: System Schematic

Table H-1. Depreciation Rates

NARUC	Depreciable Plant	Average	Annual		
Acct. No.	Depreciable Flant	Service Life	Accrual		
204		(Years)	Rate (%)		
304	Structures & Improvements	30	3.33		
305	Collecting & Impounding Reservoirs	40	2.50		
306	Lake, River, Canal Intakes	40	2.50		
307	Wells & Springs	30	3.33		
308	Infiltration Galleries	15	6.67		
309	Raw Water Supply Mains	50	2.00		
310	Power Generation Equipment	20	5.00		
311	Pumping Equipment	8	12.5		
320	Water Treatment Equipment				
320.1	Water Treatment Plants	30	3.33		
320.2	Solution Chemical Feeders	5	20.0		
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks	45	2.22		
330.2	Pressure Tanks	20	5.00		
331	Transmission & Distribution Mains	50	2.00		
333	Services	30	3.33		
334	Meters	12	8.33		
335	Hydrants	50	2.00		
336	Backflow Prevention Devices	15	6.67		
339	Other Plant & Misc Equipment	15	6.67		
340	Office Furniture & Equipment	15	6.67		
340.1	Computers & Software	5	20.00		
341	Transportation Equipment	5	20.00		
342	Stores Equipment	25	4.00		
343	Tools, Shop & Garage Equipment	20	5.00		
344	Laboratory Equipment	10	10.00		
345	Power Operated Equipment	20	5.00		
346	Communication Equipment	10	10.00		
347	Miscellaneous Equipment	10	10.00		
348	Other Tangible Plant	10	10.00		
	1	10	10.00		

EXHIBIT

BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED 1 2 COMMISSIONERS MAR 2 7 2009 KRISTIN K. MAYES - Chairn 2009 MAR 27 P 3: 43 3 **GARY PIERCE** PAUL NEWMAN LEGAL DIV. ARIZ CORPORATION COMMISSION 4 SANDRA D. KENNEDY Z CORP COMMISSION DOCKET CONTROL **BOB STUMP** 5 6 DOCKET NO. W-01004B-08-0508 IN THE MATTER OF THE APPLICATION OF ASH FORK DEVELOPMENT ASSOCIATION, 7 INC., DBA ASH FORK WATER SERVICE, **NOTICE OF ERRATA** FOR APPROVAL OF A RATE ADJUSTMENT. 8 Staff of the Arizona Corporation Commission ("Staff") hereby files a Notice of Errata in the 9 Staff Report of Marvin E. Millsap in the above-captioned matter. On Schedule MEM-4, line 20 10 Residential - All Meter Sizes, Staff inadvertently indicated the third tier of Over 12,000 Gallons, and 11 it should be Over 6,000 Gallons. The attached Schedule MEM-4 reflects this change. 12 On page three of the Staff Report under the Compliance section, Staff inadvertently used the 13 incorrect number for the Company's Public Water System number. According to the Arizona 14 15 Department of Environmental Quality this number should be 13-008. The attached page 3 reflects 16 this correction. 17 RESPECTFULLY SUBMITTED this 27th day of March, 2009. 18 19 Wesley C. Van Cleve Attorney, Legal Division 20

Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007 (602) 542-3402

22 23

24

21

Original and thirteen (13) copies of the foregoing were filed this 27th day of March, 2009 with:

25

26

27

Docket Control Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

28

Copy of the foregoing mailed this 27th day of March, 2009 to: Lewis E. Hume, Manager Ash Fork Development Association dba Ash Fork Water Service Post Office Box 436 Ash Fork, Arizona 86320-0436 hoseann Osorio

ATTACHMENTS

					RATE	DESIGN		
Line				Present	Ċ	mpany		Staff
No.	Monthly Minimum			Rates		posed	Da	commended
	5/8 x 3/4-inch Meter		\$	11.00	\$ = 10	12.00	S	12.00
2	3/4-inch Meter	and the second second	Š	11.00	\$	12.00	\$	12.00
3					\$		•	
4	1-inch Meter		. \$	16.00		18.00	\$	18.00
5	11/2-inch Meter		.\$	22.00	\$	24.00	\$	24.00
6	2-inch Meter		\$	30.00	\$	35.00	\$	35.00
. 7	3-inch Meter		\$	50.00	\$	55.00	\$	55.00
8	4-inch Meter		. \$	90.00	\$	100.00	\$	100.00
9	6-inch Meter		\$	100.00	\$	120.00	\$	120.00
10								
11	Gallons in the Minimum					-		• •
12								
13	Commodity Rates				Per 1.0	00 Gallons	ì	
14	Residential - All Meter Sizes	<u>Block</u>						
15		0 - 6,000 Gallons	\$	3.35	\$	3.75		N/A
16		6,001 - 12,000 Gallons	\$		\$	4.20		N/A
17		Over 12,000 Gallons	\$	3.90	\$	4.37		N/A
18		0 - 3,000 Gallons		N/A		N/A	\$	3.35
19		3,001 - 6,000 Gallons		N/A	100	N/A	\$	4.00
20		Over 6,000 Gallons		. N/A	4.0	N/A	\$	4.66
21	Commercial - All Meter Sizes							
22		0 - 6,000 Gallons	\$	3.35	\$	3.75		N/A
23		6,001 - 12,000 Gallons	S	3.75	\$	4.20		N/A
24		Over 12,000 Gallons	\$	3.90	\$	4.37		N/A
25		0 -6.000 Gallons			- 3		S	4.00
26		Over 6,000 Gallons					Ś	4.66
27								
28	Standpipe/Bulk	Per 1,000 Gallons	\$	8.00	\$	9.200	\$	9.20
29								
30	Coin Operated Standpipe	Per 25 Gallons	S	0.25	S	0.250	\$	0.25
31					-		•	
32	Filtered Water Dispenser	Per Gallon	S	0.25	S	0.25	\$	0.25
33					-			
34	Monthly Service Charge for Fire Sprinkler							
35	4-inch or Smaller Meter					****		****
36	6-inch Meter			****		****		****
37	8-inch Meter			****		****		****
38	10-inch Meter			****		****		****
39	Larger than 10-inch Meter			****		****		****
40								
41	**** 1,00% of the monthy minimum for a compar	rable sized meter connection but no	less than	\$5.00 per mo	onth.			
42	The service charge for fire sprinklers is only							
43	water service line.				p,			
44						•		
45				Present	Cor	npany		Staff
46	Service Charges			Rates		posed	Rec	commended
	Establishment of Service:			,		1	1777	
48	Regular Hours		S	15.00	\$	20.00	\$	20.00
49	After Hours		Š	20.00	Š	24.00	Š	24.00
	Re-establishment of Service within 12 Mor	othe:	Ψ	20.00	•	47.00	Ψ	27.00
51	Monthly Minimum times Months Disconn							

4:				_	the second secon
			Present	Company	Staff
48	Service Charges		Rates	Proposed	Recommended
4					
48			\$ 15.00	\$ 20.00	\$ 20.00
49			\$ 20.00	\$ 24.00	\$ 24.00
			\$ 20.00	Φ 24.00	\$ 24,00
	Re-establishment of Service within 12 Months:				4
5.					
52				*	•
53	Reconnection of Service (Delinguent):				•
54			\$ 15.00	\$ 15.00	\$ 15,00
- 5			\$ 15.00	\$ 24.00	\$ 24.00
	Water Meter Test (If Correct)		\$ 10.00	\$ 40.00	\$ 40.00
	Meter Re-Read (If Correct)		\$ 10.00	\$ 10.00	\$ 10.00
	NSF Check Charge		\$ 15.00	\$ 15.00	\$ 15.00
59			1.5% Per Mon	1.5% Per Month	1.5% Per Month
60	Deposit Requirements Residential		. **	**	** .
6	Deposit Requirements Non-Residential		**	**	**
62			6%	***	***
6:			•		
- 64					
6					
66					
6	*** Interest per [Per ACC Rule 14-2-403(B)]				
6					
69					
					Staff
70				Cto#	Staff
7(7		Total	Tatal	Staff	Recommended
7(7: 7:		Total	Total	Recommended	Recommended Meter
7(7: 7: 7:		Present	Proposed	Recommended Service Line	Recommended Meter Installation
7(7: 7:				Recommended	Recommended Meter
7(7: 7: 7:	Meter and Service Line Installation Charges	Present Charge	Proposed Charge	Recommended Service Line Charge	Recommended Meter Installation
7(7: 7: 7: 7:	Meter and Service Line Installation Charges	Present	Proposed	Recommended Service Line	Recommended Meter Installation
7(7: 7: 7: 7: 7: 7:	Meter and Service Line Installation Charges	Present Charge \$ 216.00	Proposed Charge	Recommended Service Line Charge \$ 280.00	Recommended Meter Installation Charge
7(7: 7: 7: 7: 7: 7:	Meter and Service Line Installation Charges 5/8 x 3/4-inch Meter 3/4-inch Meter	Present Charge \$ 216.00 \$ 270.00	Proposed Charge \$ 350.00 \$ 350.00	Recommended Service Line Charge \$ 280.00 \$ 280.00	Recommended Meter Installation Charge \$ 70.00 \$ 70.00
7(7: 7: 7: 7: 7: 7: 7:	Meter and Service Line Installation Charges 5/8 x 3/4-inch Meter 3/4-inch Meter 1-inch Meter	Present Charge \$ 216.00 \$ 270.00 \$ 306.00	Proposed Charge \$ 350.00 \$ 350.00 \$ 420.00	Recommended Service Line Charge \$ 280.00 \$ 280.00 \$ 290.00	Recommended Meter Installation Charge \$ 70.00 \$ 70.00 \$ 130.00
7(7: 7: 7: 7: 7: 7: 7:	Meter and Service Line Installation Charges 5/8 x 3/4-inch Meter 3/4-inch Meter 1-inch Meter 11/2-inch Meter	Present Charge \$ 216.00 \$ 270.00 \$ 306.00 \$ 546.00	Proposed Charge \$ 350.00 \$ 350.00 \$ 420.00 \$ 900.00	Recommended Service Line Charge \$ 280.00 \$ 280.00 \$ 290.00 \$ 470.00	Recommended Meter Installation Charge \$ 70.00 \$ 70.00 \$ 130.00 \$ 430.00
7(7: 7: 7: 7: 7: 7: 7: 7:	Meter and Service Line Installation Charges 5/8 x 3/4-inch Meter 3/4-inch Meter 1-inch Meter 11/2-inch Meter 2-inch Meter 2-inch Meter	Present Charge \$ 216.00 \$ 270.00 \$ 306.00 \$ 546.00 \$ 780.00	Proposed Charge \$ 350.00 \$ 350.00 \$ 420.00 \$ 900.00 \$ 1,340.00	Recommended Service Line Charge \$ 280.00 \$ 280.00 \$ 290.00 \$ 470.00 \$ 600.00	Recommended Meter Installation Charge F 70.00 \$ 70.00 \$ 130.00 \$ 430.00 \$ 740.00
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70 71 71 71 71 71 71 71 71 71 71 71 71 71	Meter and Service Line Installation Charges 5/8 x 3/4-inch Meter 3/4-inch Meter 1-inch Meter 2-inch Meter 3-inch Meter 3-inch Meter 4-inch Meter 6-inch Meter 11/2-inch Meter 4-inch Meter 6-inch Meter	Present Charge \$ 216.00 \$ 270.00 \$ 306.00 \$ 546.00 \$ 780.00 \$ 1,020.00 \$ 1,020.00 \$ 1,140.00	Proposed Charge \$ 350.00 \$ 350.00 \$ 420.00 \$ 900.00 \$ 1,340.00 \$ 2,100.00 \$ 2,800.00 \$ 3,600.00 \$ T FROM IT CUSTO 1-2-409D(5).	Recommended Service Line Charge \$ 280.00 \$ 280.00 \$ 290.00 \$ 470.00 \$ 600.00 \$ 1,000.00 \$ 1,000.00	Recommended Meter Installation Charge \$ 70.00 \$ 70.00 \$ 130.00 \$ 430.00 \$ 740.00 \$ 1,290.00 \$ 1,800.00 \$ 2,500.00
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7(7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Meter and Service Line Installation Charges 5/8 x 3/4-inch Meter 3/4-inch Meter 1-inch Meter 1-inch Meter 2-inch Meter 3-inch Meter 3-inch Meter 4-inch Meter 4-inch Meter 6-inch Meter 6-inch Meter 4-inch Meter 4-inch Meter 4-inch Meter 4-inch Meter 6-inch Meter 4-inch Meter 6-inch Meter 4-inch Meter 6-inch Meter 6-inch Meter 6-inch Meter 6-inch Meter	Present Charge \$ 216.00 \$ 270.00 \$ 306.00 \$ 546.00 \$ 780.00 \$ 1,020.00 \$ 1,020.00 \$ 1,140.00	Proposed Charge \$ 350.00 \$ 350.00 \$ 420.00 \$ 900.00 \$ 1,340.00 \$ 2,100.00 \$ 2,800.00 \$ 3,600.00 \$ T FROM IT CUSTO 1-2-409D(5).	Recommended Service Line Charge \$ 280.00 \$ 280.00 \$ 290.00 \$ 470.00 \$ 600.00 \$ 1,000.00 \$ 1,000.00	Recommended Meter Installation Charge \$ 70.00 \$ 70.00 \$ 130.00 \$ 430.00 \$ 740.00 \$ 1,290.00 \$ 1,800.00 \$ 2,500.00
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)						Staff							
2			Total Present Charge		Total Proposed Charge		Staff commended crvice Line Charge		commended Meter nstallation Charge	Re	Staff Total commended Charge		
5	Meter and Service Line Installation Charges										-		
5	5/8 x 3/4-inch Meter	- \$	216.00	- \$	350.00	. \$	280.00	- \$	70.00	.\$	350.00		
7	3/4-inch Meter	\$	270.00	\$	350.00	\$	280.00	\$	70.00	S	350.00		
3	1-inch Meter	\$	306,00	\$	420.00	\$	290.00	Ś	130.00	Š	420.00		
1	11/2-inch Meter	. \$	546.00	\$	900.00	\$	470.00	Ś	430.00	S	900.00		
2	2-inch Meter	Š	780.00	Ś	1.340.00	Ś	600.00	Ś	740.00	S	1.340.00		
3	3-inch Meter	Š	900.00	S	2.100.00	Ś	810.00	Š	1.290.00	Š	2,100.00		
1	4-inch Meter	Š	1.020.00	Š	2.800.00	Š	1.000.00	Š	1.800.00	Š	2.800.00		
5	6-inch Meter	\$	1,140.00	\$	3,600.00	\$	1,100.00	\$	2,500.00	\$	3,600.00		

Ash Fork Development Association, Inc., dba Ash Fork Water Service Docket No. W-01004B-08-0508 Page 3

CORRECTED

bill, with a median usage of 3,438 gallons from \$22.52 to \$23.80, for an increase of \$1.28 or 5.7 percent.

The Company utilized a test year ending December 31, 2007.

BACKGROUND

Ash Fork is an Arizona class C utility engaged in the business of providing potable water service. Ash Fork is a non-profit corporation not subject to the payment of Federal or State of Arizona income taxes. Ash Fork was granted a Certificate of Convenience and Necessity ("CC&N") to provide water service per Decision No. 5018, effective October 8, 1929.

CONSUMER SERVICES

A review of the Consumer Services Section database for the Company from January 1, 2006, through February 25, 2009, revealed that in 2006 and 2007 there were no complaints, inquiries or opinions. In 2008, there were no complaints or inquiries and the one opinion was in favor to the requested rate increase. In 2009, there have been no inquiries, complaints or opinions.

COMPLIANCE

The Utilities Division Compliance Section showed no outstanding compliance issues.

The Company is not within an Active Management Area and, thus, is not subject to the Arizona Department of Water Resources monitoring and reporting requirements for groundwater withdrawals.

Arizona Department of Environmental Quality reported that the Company's Public Water System #13-008, had no deficiencies and is currently delivering water that meets the quality standards required by the Arizona Administrative Code, Title 18 Chapter 4.

The Corporations Division of the Commission indicates the Company is in good standing.

The Company has a certificate of good standing from the Arizona Department of Revenue ("ADOR"), dated August 13, 2008.

Staff has confirmed, through the Yavapai County Treasurer's Office, that as of December 31, 2007, the Company is current on its property taxes.